

OVERSIGHT OF THE FEDERAL-AID HIGHWAY PROGRAM

HEARING BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE ONE HUNDRED FIRST CONGRESS FIRST SESSION

NOVEMBER 11, 1989—LEWISTOWN, MT

Part 2

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SATURDAY, NOVEMBER 11, 1989

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Lewistown, MT.

The committee met, pursuant to notice, at 1:35 p.m., at the Fergus High School Cafeteria, 201 Casino Creek Drive, Lewistown, Montana, Hon. Max Baucus (acting chairman of the committee) presiding.

Present: Senator Baucus.

OPENING STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. The committee will come to order.

I apologize for the delay. I had a schedule conflict in Billings today. I apologize to all those who traveled great distances to come to the hearing here in Lewistown. It will probably mean that the hearing will last a little bit later than otherwise would be the case, and again, I apologize for the inconvenience.

Let me begin by calling our first panel: Honorable Jack Humphrey, Mayor of Lewistown; Ms. Susan Rummans, President, Lewistown Chamber of Commerce; Honorable Vern Peterson, Fergus County Commissioner; Honorable John Muster, Sanders County Commissioner; and Honorable Cecil Weeding, who is on the Committee on Highways and Transportation, Montana State Senate.

Before we begin I would like to make a short statement.

Wide open space—it's what Montana is all about. It is what keeps so many Montanans here through good times, and also here through bad times.

For me, there's nothing like finishing up a long week in Washington, D.C., flying home to Montana, and hitting the road. There is a unique sense of freedom that comes with driving Montana's highways. For most of us, it is a fringe benefit to working under the Big Sky.

Yet some folks in places like the East Coast and California just can't understand Montana. With a small population and vast expanses of land, many ask why the Federal Government should continue paying for many of Montana's highways.

Ironically, these are the same people who depend upon our grain, our beef, and our forest products. Apparently they don't stop to

think about how these necessities make their way to the supermarket or the lumber yard.

I even see this type of thinking in the Senate. Perhaps the most constant challenge I face back in Washington, and the challenge that Ron, Pat, Conrad, and I all face, is making urban Senators understand the needs of Montana.

Frankly, it is frustrating when Congress appropriates billions of dollars for sleek, fancy big city subway systems; yet each year, the Montana congressional delegation must fight like the devil to preserve a \$35 million appropriation to preserve essential air service for communities like Lewistown, Glendive, Wolf Point, Sidney, Glasgow, and Miles City.

And now, with the current Federal Highway Program set to expire in 1991, we face what may become an even greater challenge, that of preserving our fair share of Federal highway dollars.

Under a proposal being considered by the Secretary of Transportation, Montana stands to lose \$30 million a year. The lifelines to many of our cities and towns would be severed. More specifically, the State projects that highways leading into the communities of Lewistown, Sidney, Red Lodge, Baker, Broadus, Ekalaka, White Sulphur Springs, Choteau, Roundup, Scobey, and Thompson Falls could fall into disrepair.

We can't let this happen. Today's hearing is a first step toward finding a reasonable solution, a solution that protects the interests of Montana and other vast, expansive States.

Specifically, I believe the 1991 Federal Highway Program must embody the following two principles:

One, if there is an increase in the Federal Highway Program, all States should share equitably in the additional funds; urban traffic congestion should not take absolute priority over deteriorating rural bridges and highways.

Second, the Federal Government should help those who help themselves. Here in Montana we have one of the highest State gas and diesel taxes in the Nation. Conversely, urban States generally have very low fuel taxes. For instance, California taxes gas and diesel at less than half the rate of Montana. I think it's time for Congress to look at ways of rewarding States that take the initiative and pay their fair share. In fact, I am going to introduce legislation that addresses that very point; that is, part of the formula for determining Federal highway funds will be determined according to the tax effort that the States make. Certainly, we in Montana and other western States tax much more heavily than do some other States like California and New York, and we should get the benefit from that additional tax effort.

We can win the battle, but only if we take nothing for granted. Montana and other rural State governments must continue to organize at the national level. For my part, when I return to Washington, D.C. next week, I intend to roll up my sleeves and begin building a coalition of Senators from western States, pledged to stop any unfair changes in the Federal Highway Program. With every State having two votes, regardless of its population, the Senate is the place to help assure fairness on this issue.

Working together, we can protect what is rightfully ours. I believe today's hearing is a good first step in that direction.

Let's begin with statements by the panelists. I would like to remind each of you that we have a lot of witnesses today; we want to cover as much ground as we possibly can, but in fairness to all the witnesses I am asking each to hold his or her statement to five minutes. Your full prepared text will be included in the record. That goes for all witnesses. So I encourage you, during the five-minute period, to rest assured that your full prepared text will be in the record, and also encourage you during that five minutes, as much as possible, to kind of get to the heart of what you are really focusing on so that we can make the best use of the open, verbal part of this hearing.

Jack, let's hear from you.

**STATEMENT OF HON. JOHN P. HUMPHREY, MAYOR, CITY OF
LEWISTOWN, MT**

Mayor HUMPHREY. Thank you, Senator.

I have some visual aids that I was going to put up on the screen, but I think that for the sake of brevity I will leave those off.

Senator BAUCUS. If you want to, if you think they're instructive, if you want to do that—

Mayor HUMPHREY. Well, I don't think it's anything that this audience is unaware of.

Senator Baucus and distinguished members of the panel, I want to thank you for the opportunity to testify before you on the impact that a proposal that has been put before the Federal Highway Administration can have upon the Nation, Montana, and the local area.

I also want to commend you on selecting Lewistown as a site for this hearing, because I think what you will find is that Lewistown is very indicative of the small rural communities across the Nation. These would be communities in Iowa, Nebraska, or any other eastern or midwestern State or western State.

The Federal Interstate Program, as we know it, was born in the mid-1950s not only to provide a transportation route and connect all States and large communities across the Nation, but it was also brought forth as a system for national defense. No one recognized the importance of this highway system more than Dwight David Eisenhower, President of the United States. He had seen the autobahn in Germany and well recognized that the U.S. could not support a strong defense system without an excellent highway system.

Adolf Hitler, in fact, chided us for not being able to defend this Nation because of our inadequate highway system. We had just come from a depression, through World War II, and into the 1950s in a period of reconstruction, and Eisenhower in his Administration was very far-sighted in bringing forth the Interstate System for us. It has been a boon for the country economically, as well as giving us an excellent transportation system.

I hope today we have those leaders who have the fortitude and far-sightedness to move forward with our highway system throughout Montana and the rest of the Nation.

It would be easy to tell you from a rural perspective that we should stop the construction of our highway system, our Interstate System. One of the visual aids I have shows a map of the Interstate

System across the Nation. While we have connected the major cities in every State in the lower 48 through an Interstate System, we have created great land masses, particularly across the western part of the country, where we have no Interstates intersecting. In fact, since we just celebrated our 100th anniversary in this State, it might be a good idea for all western States to redraw their borders and put them along the lines of Interstates, and then we would be back where we were in the 1950s, without anything connecting these land masses.

We still have a tremendous job to do on the Interstate System. I think it is essential that we get on and continue to build upon this system, that we do connect these land masses that are left vacant throughout the Nation.

We are facing again, in the future, another energy crisis, and the more efficient we make our land transportation system, the more effective it will be. In fact, we could probably easily pay for any extension to the Interstate System through the savings we will make on liquid fuel dollars.

The cost of the Interstate System that we had before us in the 1950s was a tremendous one. I believe it was initiated with \$33 billion, to be spent over the next 13 or 15 years. What was expected to be only \$33 billion has turned out to be several hundred billions, and I will let the other members tell me how much that Interstate System really cost. What was to take us 13 years has not taken us 35 years to build. It was a mammoth program, but the cost wasn't only in the highway dollars. The cost was also in the entire neglect of the Nation's primary system. Nowhere is this felt more than in Montana.

The Interstate System was done on a matching basis of 90 percent Federal dollars, 10 percent State dollars. As is said in Washington, you take a few hundred million dollars here and a few hundred million dollars there to match a few billion dollars here and a few billion dollars there, and pretty soon you're talking about big money. Throughout the western States, this 10 percent matching took most of our highway dollars that probably should have been spent on our primary systems, even though the Interstates were desperately needed. It has distracted from our highway programs in Montana. I know it has in Nevada, Wyoming, Utah, and our other western neighbors.

I made a recommendation that we continue to expand the Interstate System. Right now we are left with having to maintain this system as a State, on our own. This was part of the original agreement in building the Interstates. The maintenance dollars that are used on the Interstate System are State dollars; they are not Federal dollars.

If we cannot afford to maintain what we have today, then how can I propose to you that we build more Interstates? The only thing I can possibly see for the future of the Nation, as well as Montana, is that we have to have an increase in gasoline taxes. I know this is not a popular thing to do and it is not a popular thing to talk about.

At the time that we were to build the Interstate, we put one cent per gallon tax, additional Federal tax, on gasoline. I believe at that time we had a total of five cents on a gallon of gas. Gasoline at

that point in time was selling for approximately 25 cents a gallon. This was 20 percent of the cost of a gallon of gasoline. Today we are moving gasoline prices over a dollar; in Lewistown we are heading for \$1.25, it looks like.

I would recommend that we look at increasing that price to stay up with what we've seen in the inflation dollars for liquid fuels, and that is that we raise what is now a 9 cent per gallon Federal gasoline tax to approximately 18 or 20 cents per gallon.

The highway system creates jobs within the United States. It creates jobs within Montana. These would be local dollars, spent locally or nationally.

I don't believe that overall Montana's highway system has fared any worse or any better than any other western State. In fact, in some instances we have done better. As far as the Interstates are concerned, we have I-15, I-90, and I-94 within our borders.

As far as primaries are concerned, my general feeling is that we have done much more poorly than most States. I have traveled extensively throughout the United States and I think Montana's primary roads have been neglected since about 1929. Highway 87 from Billings to Great Falls is a classic example of Montana's primary highway program. We have had only minor improvements on this road in and around Lewistown and Roundup, but still have an extensive 24-foot section about 30 miles from Billings, and another near Moccasin, toward Great Falls. This is considered a major north-south route through the center of the State.

I remember a short time ago that one foot was added to the shoulder just east of town here, with no widening of bridges, and this was hailed by the local press as being a tremendous improvement. Another time, guard rails and a little widening were done on a very dangerous curve, and sold "in the best interest of public safety." There are probably a dozen such curves on this section of highway. If you haven't eaten in 35 years and not totally starved to death, even a moldy crust of bread looks like a feast.

My overall impression of Montana's primary system is that we have no real plan. We really need to set one down, long-range, and get on with it.

Locally, we have many needs and concerns——

Senator BAUCUS. I'm going to have to ask you to summarize as best you can, Jack.

Mayor HUMPHREY. Okay.

Locally, we have many needs and concerns, and certainly U.S. 87 and Highway 200 south and east of us are of great concern to us. These are major transportation routes into central Montana. I believe we need to spend Federal dollars and add these to the primary system.

Thank you.

Senator BAUCUS. Thanks, very much, Jack.

Susan.

STATEMENT OF SUSAN E. RUMMANS, PRESIDENT, LEWISTOWN AREA CHAMBER OF COMMERCE

Ms. RUMMANS. Adequate highway systems are vital to central Montana and the rest of the State for all the obvious reasons, such

as basic survival and economic development, but we believe that we stand out for a number of other reasons as well.

Number one, we have absolutely minimal and very tenuous air and rail links which ultimately place even greater emphasis on road travel on a highway system that was not designed to carry the major transportation loads of grain and livestock.

Number two, we are a "bridge" State, with much of our traffic destined for points beyond Montana. We cannot even provide an adequate and basic two-lane highway network convenient to travelers and business persons.

Number three, the vast distances between towns and cities, in a State with a population of less than 825,000, are a detriment to both old and new economic development. The unique and inherent problems caused by those distances are poorly understood in our Nation's Capitol. Lack of empathy from urban States, coupled with a low voter population in Montana, places us in a less than powerful lobbying position for our fair share.

Number four, our one north-south and our one east-west Interstate, although very much appreciated, are located so that great, vast areas of our State, including central Montana, are not served.

And number five, a major issue that Jack alluded to, the gasoline tax currently paid in Montana and other sparsely-populated western States is 54.5 percent higher than in New York, California, Pennsylvania, and Illinois, and proposals are being made to redirect Federal funding in a higher percentage to those larger populated urban States that now pay dramatically lower gasoline tax than do we in Montana.

Lewistown's market area extends over 70 miles west, over 100 miles east, and more than 65 miles north and south of our center-of-the-State city of 7,500. Lewistown serves as the hub of that vast area, and the highways are vital for the primarily ranching and farming population to reach their markets and to obtain supplies and services. These folks depend on road travel to Lewistown for medical and veterinary needs, Government services, banking, shopping, and educational resources, as well as for shipping their grain and livestock. Lewistown has one of the finest equipped and staffed hospitals of its size in the Nation and serves that entire area. Two-lane roads provide access to emergency and non-emergency medical care in often less than ideal weather conditions.

Lewistown exists, in fact, for and because of farming and ranching and would cease to exist without accessibility by road travel.

Mining, lumber, construction, and tourism industries also place high priority on good highways in our service area, and a large number of missile sites in central Montana necessitate U.S. Department of Defense interests in maintaining viable road access.

Citizens and business in the big-city States don't begin to support and finance their highways to the degree that folks do in Montana and other rural western States. For instance, the gasoline tax paid by Montanans is \$0.20 per gallon, while New York and California are \$0.08 and \$0.09 respectively. Many of these same urban States are now clamoring in Congress for a bigger share of Federal highway funds by taking them away from rural States, thus placing an even bigger burden on the less-populated States already paying a disproportionately high gasoline tax. We don't believe this is fair.

We strongly believe that the alternative is for the big-city States to begin taxing themselves per gallon of gas at rates that are at least equal to what Montanans are paying. I am very pleased to hear that Senator Baucus is going to pursue that. This would then provide more dollars for use on their highways and would not require the redirection of Federal funding away from rural States, whose unique transportation needs far outnumber their votes.

Thank you very much.

Senator BAUCUS. Thanks, Susan.

Vern.

STATEMENT OF HON. VERN PETERSON, FERGUS COUNTY COMMISSIONER

Mr. PETERSON. Thank you, Senator, and thank you for allowing the Commission to present some views here today. I apologize because some of this will be a bit repetitious. It was somewhat short notice to put some comments together and we didn't really compare notes on a local level, but I will read you what comments I have here.

It would seem obvious that Montana must increase spending on highways, as many of the roads are of pre-World War II construction and therefore not adequate for today's high-volume traffic. I would suspect that anyone driving here today could attest to that.

Montana does not have the fiscal resources to maintain these roads without trying to reconstruct them to suitable standards. There are just too many miles and too few people.

The Federal Government was instrumental in getting this country settled and productive. One of the major roles of the Government was in the expansion of the Nation's rail service. There were thousands of sections of land given to the railroads to encourage their development. This worked very well and the goals were achieved.

However, things have changed now. We still have railroads, some; there are only a couple of major lines. I guess you could compare that to the three Interstate highways that we have—you still have to get to them, whereas most of the rail feeder lines have been abandoned and rolled up. Over 1,200 miles of rail in Montana has been abandoned and torn out, and 145 miles of those tracks were in Fergus County alone. This adds a tremendous amount of truck traffic to our highways.

Fergus County is a large county, with over 4,200 square miles. That's almost the size of Connecticut. It produces many agricultural products. Fergus County ranks second in the State and sixth in the entire Nation in barley production. Fergus is fourth in Montana and seventeenth in the Nation in winter wheat production. There are about 75,000 head of cattle raised here within the county. All of that production has to be shipped to market, whether that's to a railroad or a marketplace, and that has to be over highways and bridges. Montana has over 4,200 bridges. Fergus County alone has 157 bridges that it maintains, plus 25 of the off-road bridges, and 2,000 miles of road in Fergus County to be maintained without the highways.

If Federal funds are not going to be continued or increased to subsidize the infrastructure, the cost of moving the products must be increased in order to generate revenue to do the maintenance. This is not consistent with a national cheap food policy.

We also have many other natural products of national significance, such as coal, timber, and recreation. Another example of national interest is a proposed pipeline that will run through parts of Fergus County; that will be to carry natural gas to States as far away as California. This pipeline will be built and maintained from highways and county roads.

A large Federal military installation, Malmstrom Air Force Base in Great Falls, adds a significant burden to most of the roads in Fergus County in the maintenance of their Minuteman Missile complex. The military, through the Federal Highway Administration, contributes to the upkeep of some of the county roads they use, but not the highways. This, of course, is also of Nation-wide interest for reasons of national security.

In summary, I believe we have to have at least as much Federal aid for our highways as we are getting now, if not more. I feel that for the reasons given we are justified in asking for and receiving those funds. We are contributing greatly to the people of this Nation and, I believe, asking very little in return.

Thank you.

Senator BAUCUS. Thank you very much, Vern.

Senator Cecil Weeding.

STATEMENT OF HON. CECIL WEEDING, MEMBER OF THE COMMITTEE ON HIGHWAYS AND TRANSPORTATION, MONTANA STATE SENATE

Mr. WEEDING. Thank you. I don't know whether I've been promoted or demoted here. I'm not offended; I'm a representative of the people.

Senator Baucus and members of the Senate Committee on Environment and Public Works, I appreciate this opportunity to comment relative to the importance of the Federal-aid Highway Program to the vitality and future of the Montana highway effort. As a member of the Montana Senate Highway Committee, my concerns are State-wide. As a district legislator, my concerns tend to be more related to conditions in the eastern part of the State, where my district lies.

I should note that these comments are my own; so are the typos. My secretary deserted me this morning. I, too, will be a bit redundant.

It is true that the Interstate System is essentially complete. For this we are truly thankful. It is a magnificent roadway. But we are also greatly relieved. For Montanans, the building of this Interstate System has been a time of perseverance. By and large, the building of the national roadway has been at the expense of the other elements of the overall highway system here in Montana. Because of the high level of Federal matching dollars, a disproportionate amount of our State's resources have been channeled into the Interstate System, leaving the primary and secondary systems to atrophy. Today most of the non-Interstate System is in dire need of

renovation and repair. Much of the roadway in eastern Montana dates back to the 1940s and even to the 1930s and must be completely rebuilt to meet today's standards.

The premise all along has been that when the Interstate System was completed, when our national commitment was fulfilled, then we would go back and take care of these other elements of the highway system. In fact, in anticipation of that all-out effort Montana enacted the Reconstruction Trust Program in 1983 to channel resources in addition to the traditional user fees into the highway effort.

It should be noted as well that we are now levying the highest, or near highest, fuel taxes of any State in the Nation. I might also mention that we are paying the highest freight rates of any point in the Nation.

Montana has made the national sacrifice for the Interstate System, and we don't complain, but we do hope that the rest of the country does now recognize our sacrifice and elects to continue the support of the past as we begin to repair and renovate the long-neglected elements of our highway system.

Montana, as has been mentioned, is a "bridge" State, along with North and South Dakota, Idaho, and eastern Washington, bringing the east and midwest together with the West Coast and the Canadian Provinces to the north, as well as with the all-important export markets of the Pacific rim nations. A great majority of the commercial traffic originates and terminates beyond our borders.

This would be true, likewise, of the general driving public. A singular roadway, regardless of how wonderful, does not and cannot meet all the driving needs of an area as large as Montana. We are over 300 miles deep. The Interstate runs about third of the way up from the southern border, so it has a diminishing value as we move northward to the central and northern parts of the State.

Highway 200, about midway, was originally the preferred route for the Interstate, being some 75 miles less distance between the Twin Cities and Spokane and points north and west. In this day of energy consciousness, this should be a significant factor. Highway 200, but for its condition, is still a preferred route for much truck traffic, and in spite of its condition it is a must for much traffic that cannot be accommodated on the Interstate.

Increasingly the highways of Montana have become the major avenue of commerce. Our two remaining railways are widely spaced. One parallels the Interstate, so it accords no real highway relief. The other runs far to the north, leaving a large gap in the middle of the State that can only be served by highways.

Our major products are the food, fibre, and timber products upon which the rest of the Nation depends. These products of our farms, ranches, and forests are of great bulk but are relatively low in value. A single arterial such as the Interstate is not adequate to gather all this bounty in and transport it to the distant areas of need and demand, nor is it adequate to distribute all the inputs necessary for this production back to the countryside.

This area, east of the Continental Divide, while renowned for its quality products, is nevertheless classified as semi-arid, meaning that our output or product per unit of land is not as great as that of more humid areas. We have virtually no other basic industry

throughout this area, so this limited agricultural base is all that we have to call upon to support a highway system. Clearly we do not have the capability to build and maintain a road system for the national good.

Montana does have many natural attributes and the unspoiled beauty that attracts a lot of the Nation, as well as the world, to our State to partake of these wonders, and for the excellent recreational and sporting opportunities that the State offers. But again, the Interstate System cannot be considered a whole. It hardly accords the easy access that the traveling public expects to the Missouri Badlands, the Charles M. Russell Game Range, nor to the great forests of the northern Rockies, or access to Glacier Park, or the Bob Marshall Wilderness, or the Canadian ports in the northwest corner.

We are just now learning of the intent to reactivate the bombing ranges near Glasgow and convert large tracts of BLM lands in that same area to a National Guard tank training grounds. Highways 200 and 2 are the only logical access and service highways for that area. Farther west are the missile systems in the Grassrange and Lewistown areas on and about Highway 200. Beyond that still lies Malmstrom Air Force Base, again on Highway 200. Surely these installations are all of national significance and deserve national support as far as transportation is concerned.

Senator Baucus, I commend you for the decision to seek input into this very critical matter, and I urge your and your committee's favorable consideration on the question of continuance of the Federal-aid Highway Program.

Thank you.

Senator BAUCUS. Thank you very much.

First, for the record, this hearing is by the Senate Environment and Public Works Committee. I am on that committee. It is the committee that has jurisdiction in the Senate over highway construction, and also the committee that has jurisdiction over many other public works projects. Some other transportation issues are in the jurisdiction of other committees. Aviation, for example, tends to be in the Commerce Committee, and most of the rail and barge jurisdiction tends to be in the Commerce Committee also. Conrad Burns is a member of that committee. But the committee with jurisdiction over the highways is the Senate Environment and Public Works Committee. As I said, this is a hearing of that committee, with jurisdiction over that issue.

I brought out the Senate committee staff here for various reasons. One is so that I could better understand our western perspective and point of view. Let me now introduce three members of the staff. One is Nadine Hamilton, sitting on my right, and Mike Weiss—where is Mike? Stand up. That's Mike Weiss. In addition, Angela Plott is here from Senator Symms' staff. Angela, where are you? There you are. Senator Symms from the State of Idaho is also on the committee.

I would like to ask the group of you if you could flesh out, from your point of view, the additional fiscal burdens that you are facing, either as County Commissioner or as Mayor of Lewistown, or the Chamber of Commerce, and how this proposal that we've heard about—a system of national importance—would even further

add to your burdens. Could flesh out what the alternatives are that you face as a Commissioner, as Mayor, look at the sources of revenue? Could you just go into that a little more?

Mayor HUMPHREY. Thank you, Max. I didn't really address the problems of the city of Lewistown.

Approximately two years ago, when we lost revenue sharing within the city—this was \$150,000 of an approximately \$1 million fund—in order to take up that shortfall and still try to balance our programs, we were using our gas tax revenues within the city for major reconstruction of streets. Out of \$150,000 a year, \$125,000 in gas tax doesn't go very far. It will get you five blocks of street in the town. But at least we were seeing some progress in rebuilding our antiquated streets.

With the loss of revenue sharing, when we had to balance things what we did was shift our local tax burden over to other programs and move all our maintenance of streets, which we were doing out of the general fund, over to gas tax.

What I am trying to get at is that we have a change of priorities for the Federal participation in the urban system, even in the city of Lewistown. I can see that the State will change its priorities on how these funds are spent. They will want to spend them on State highways; we will want to spend them in the city. We will lose, very emphatically. We have already lost ground. We are barely able to maintain what we have in the city. We still have miles of gravel streets in this town which we should not have, but again, it has been the lack of State, Federal, and local dollars in order to accomplish that.

With our tax revenues in Montana, of course, we don't have much hope of increasing taxes in order to relieve this burden.

So I think any cutback or change in priorities is going to drastically affect the small rural communities. I still say that in Iowa and Nebraska, as well as in Montana, you will see this, as well as across the Nation.

Senator EAUCUS. Any other comments? You might try to flesh out the financial burden that the States and communities and counties are already facing and how the proposal is going to add to that even more.

Mr. PETERSON. Well, of course, one that will drastically affect Fergus County is the secondary system. We have about 75 miles of that in Fergus County, that to maintain it in a good, driveable condition, you would have to overlay it occasionally. Fortunately, we just got done with the longest single stretch of secondary that we have with some Federal dollars. We were tickled to get that done, but there is no way that the county could maintain that system without some Federal aid because there is just not even a possibility.

Maybe I shouldn't even tell this, but at the same time I was elected, they elected to put a cap on property taxes at the same time. I don't know whether there was any relation there, but it has certainly kept us on the same budget that we were on in 1986, and everyone knows what has changed since then, whether it be wages or prices of any kind. We are living within that budget, and yet the expectations are all out there that we have to provide to make the economy go. So it would be devastating to us, it really would.

Senator BAUCUS. That's an interesting point.

Cecil, do you have a point?

Mr. WEEDING. I won't respond in any detail. Director Larsen is here and can speak better to the State aspect of it, but as regards the proposal regarding Highway 200 as I understood it, it would be devastating. We would back to nothing down there in a few more years if we should lose the Federal funding as it applies to that highway. It has now degenerated to the point that it is in bad shape. And certainly, through that sparse area from here to the Dakota line, those local economies can't generate the State revenues to maintain that highway. We simply don't have them. We don't return that Federal portion to the budget.

I think that's all I need to say. I can recall that being a gravel road in the past, and it would simply degenerate to that if we can't maintain some Federal support.

Senator BAUCUS. Each of you are elected to your organizations. You are all public officials except for Susan, who is elected to a private organization.

Jack bravely mentioned an increase in the gasoline tax to 18 cents, perhaps. What about you other three? Does a Federal gasoline tax increase make sense? Is that part of the solution here or not? As public officials, do you think Montanans would accept that?

Mr. PETERSON. Well, like Jack said, it's not a popular subject. I guess I would want to know where that dollar was going to go. If we're going to take a dollar from here in Federal fuel tax and send it to Washington and only get a dollar back, then I think we've probably lost 15 cents of it somewhere in postage and handling, and we may as well put on a State tax if it's a dollar-for-dollar type tax, I guess is what I'm getting at.

I think the point I was trying to make here is that we are not begging for help from somewhere else just because we feel sorry for ourselves. I think we are contributing significantly nationally, and therefore I felt those dollars should be distributed more equally rather than placing the entire burden on the few people with the many miles that we have.

So I guess I would need an explanation from you as to how you think that tax would work, how it would go and how it would come back, in order to comment any further.

Senator BAUCUS. Cecil.

Mr. WEEDING. Well, I was in the legislature when we enacted the 5 cents to augment the other revenues for the Reconstruction Trust Program, and I heard a lot of what Vern has said. It's not a popular subject, but people accepted that because they knew those dollars were going right out there on Montana highways. In short order they saw the crews out there and the work being done. I think they were perfectly willing to pay that nickel when they could see the work being done. But if we're going to put on a tax just to get back to where we are today, it wouldn't go well with my constituents. They know full well we're paying the highest right now, and they understand why, but they wouldn't like it if we paid more to ship out somewhere else.

Mayor HUMPHREY. I guess maybe I suffered from being too brief and not reading—

Senator BAUCUS. I expected you were going to come back and qualify it.

Mayor HUMPHREY. I proposed two things, actually, in the written document. One of them was a possibility of doubling the Federal fuel tax. I would expect Montana again to participate in the Federal programs, regardless of the ones that we pick. But what I'm trying to do is double the amount of funds, get the liquid fuel tax up with what we've seen occur during the fuel crisis.

The second thing I had proposed in there, which I really don't like to propose but I will, and that is the \$5.00 import fee per barrel of oil coming into the United States. I would much rather see this type of fund used to support synthetic fuel programs and movement away from imports from outside importers. But highways are important, and I certainly would support any increases in tax.

Senator BAUCUS. Based on your experience as State officials, do you have any suggestions as to how to structure a State tax increase? Only for gasoline, or not? I am just curious.

Mr. WEEDING. Well, I don't know. No tax is going to be popular. I think it should be noted that our truckers pay tremendous fuel taxes today. We agonized long and hard during the last go-around. Initially we only put that on the gasoline, and then we went back later and added two more cents to diesel, or something like that.

We wanted to exempt the trucking industry, but after looking at their usage of the highways we decided they simply had to pay their share, too.

It would be a snap judgment for me to make here, but I would guess that it would have to be across the board, unpopular as that might be, if I understood your question correctly.

Senator BAUCUS. Where is the greatest need in the State? Is it bridges? Primary surfacing? Secondary? I was just curious.

Mr. WEEDING. Well, it's the road surface and the bridges. The road is quite deficient in most areas, including design and structure and that. It is narrow and winding and there are a number of things that need an awful lot of work. That perhaps isn't true of all highways in Montana, but certainly those in the east have been needing major repairs for a long time.

Mr. PETERSON. I didn't get into bridges, only to point out how many Fergus County has, but as a Commissioner I would have to prioritize bridges. If the secondary goes to pot and you have to blade what oil is there off into the ditch, somehow you can still travel down along the fence line. But when you come to that ravine, you're done if you don't maintain your bridges. As I pointed out, we have nearly 200 bridges just in this county. That's not counting the highways; that's just in the county that are county-maintained. Twenty-five of those are on the list to receive Federal funding, and that is so slow that we're getting way behind on those. We have bridges that are basically not safe.

So I would hate to see bridges put at the bottom of anyone's list. I think they have to be a priority.

Senator BAUCUS. Has the State given any thought to the Oregon plan? As I understand it, Oregon assesses trucks on the basis of weight and the distance that they travel in the State of Oregon.

I'm just curious as to whether Montana has studied something like that.

Mr. WEEDING. I really don't know, Max. Director Larsen, I'm sure, can respond to that. I haven't personally, and the committee hasn't that I am aware of.

Senator BAUCUS. Well, you all made some very good points. It just seems to me that any formula has to take into consideration the State tax effort; that is clear. As you have all pointed out, in Montana we pay a lot more in highway taxes than do urban States. That's number one.

Number two, it seems to me the formula should include the compensation based on the "bridge" concept—that is, a lot of traffic goes through Montana that doesn't end up in our State, and we're paying for it. So that should be considered.

I also wonder if we should look at the weather as a factor. We have seasonal weather extremes in our State. The thawing and freezing tends to break up highways, and it's tough. A lot of other States don't experience that.

It seems to me also that there is another factor—I don't know how you get this in—we are basically a natural resource State, and therefore we haul heavier commodities. We're not a service State. We're not a light manufacturing State. We're a natural resource State—that is, timber, forest products, agriculture, minerals, coal, etc. Some of that is by rail, but apart from the coal, most of it is by truck. I don't know whether we could formulate that in some way; I don't know if that could be done or not.

But frankly, I think the time has come when we, the western States, have to be thinking of affirmatively introducing factors such as the ones that we're now discussing, so that we are operating on an offensive basis, not just defensive, trying to prevent the urban States from taking more for mass transit and more for themselves and so forth. I plan, as I mentioned earlier, to introduce legislation that gets at the local tax effort, but also include these other factors that I've mentioned, as soon as I can fairly well determine how to quantify the "bridge" concept and some of these other concepts.

I think we stand a pretty good chance of being somewhat successful. The chairman of this committee is Quentin Burdick from North Dakota. I mentioned that Steve Symms is on the committee. Again, the committee has jurisdiction over highway funding. I've got a list here that I can go down. Harry Reid from Nevada, for example. We have Alan Simpson from Wyoming on the committee. So we are well represented among the western States. I think that will make a difference.

Obviously, I have not mentioned everyone. The implication is valid, that they are not from western States. We have to work with them as well, but nevertheless I am holding this hearing and others like this and introducing legislation to show that we are going to very seriously push the factors that address our special points of view. I think that will go a long way to make sure that we do well here.

I want to thank you very much for your help. I appreciate it.

The next panel is Larry Larsen, Director of the Montana Highway Department; Richard Backes, Highway Commissioner of North

Dakota; Mr. Richard Howard, Secretary of the South Dakota Department of Transportation; Mr. Garth Dull, Director of the Nevada Department of Transportation; and Mr. Gene Findlay, President of the Western Association of State Highway and Transportation Officials, and Director of the Utah Department of Transportation.

We are very happy to have you here. It is really an honor for you to come to Montana. You have come great distances. I noticed that a lot of you represent States that are also represented on the Committee on Environment and Public Works, so we're getting two for one here, and that helps, too.

Why don't you begin, Larry?

STATEMENT OF LARRY W. LARSEN, DIRECTOR, MONTANA STATE HIGHWAYS DEPARTMENT

Mr. LARSEN. Thank you, Senator. As you pointed out, I am Larry Larsen, Director of the Montana Department of Highways. We really appreciate your having this hearing in Montana.

We applaud Senator Baucus for the interest he has taken in the future and direction of the highway program. When the Senator learned the effect that some of the new proposals would have on Montana, he acted. His letter to Secretary of Transportation Skinner advised that a proposed new highway bill which would dramatically change the funding in highway systems in Montana would be dead on arrival when it got to the Senate Committee on Environment and Public Works.

We thank you again for that, Senator.

Basically, we in Montana do not want to see drastic changes in the Federal Highway Program. We would be happy to see the present systems, funding, and programs continued.

Since Montana bonded and completed its Interstate System earlier than a number of other States, we suggest the Interstate and the I-4R program be lumped together with the present Federal-aid primary funding. This funding should be available for use on any part of the Interstate or primary system which the State feels has the most important need.

Although the funding falls far short of meeting all of Montana's needs, we feel the present secondary, urban, and off-system bridge programs have been successful, they are needed, and they should be continued essentially as they are.

As one of the members of the American Association of State Highway and Transportation Officials, we were involved in the 2020 effort to gain a national consensus and a new direction for Federal highway programs. AASHTO tried—and as it turned out, tried pretty much in vain—but we did try to establish a new direction and to define the much-needed reduced Highway System of National Significance.

The so-called "4 percent map," the map on which Montana 200 east of Lewistown and into eastern Montana was not included, resulted from AASHTO's effort to define a reduced national highway system. After the "4 percent map" was submitted we learned that a number of other States were not following the rules, so we promptly submitted a revised map based upon 5 percent. This map

did include Montana 200 in eastern Montana and a number of other roads, a more reasonable system for the State of Montana.

The issue of defining a new, reduced highway system is not resolved, however, and I do want to emphasize that the issue has not gone away. A number of the larger States and other constituencies with a transportation interest want to see a dramatic change in highway funding after 1991. They want to see a much smaller Federal system, a Federal system defined principally using criteria involving traffic, and they want to see much more of the money returned to the larger States. Although these States do generate a great deal of revenue for the Federal Highway Trust Fund, we would point out that their citizens do travel our highways as well, and they expect them to be there and in good condition.

Much of what has been proposed has the potential to hurt our programs, but we are confident that Senator Baucus and the rest of the Montana Congressional delegation and their colleagues will work to pass new highway legislation which will be fair and equitable to Montana and the other rural States.

To conclude, we respectfully suggest that there is a goal which is not included in the AASHTO policy or in other work that has been done to formulate the Nation's transportation policy directly. This goal is so basic that we might assume it is taken for granted, but it is of paramount concern to the State of Montana. It is to provide all areas of the United States with adequate, basic, two-lane roads.

We recognize that most States have met this very rudimentary need, and they face complex problems related to growth and congestion. Montana has not.

Underlying this is the bottom line: it takes money to build highways, pure and simple. Any proposal that affects the bottom line is bound to affect the Montana highway program.

Thank you, Senator.

Senator BAUCUS. Thank you very much, Larry.

Mr. Backes.

STATEMENT OF RICHARD J. BACKES, HIGHWAY COMMISSIONER, NORTH DAKOTA STATE HIGHWAY DEPARTMENT

Mr. BACKES. It is my pleasure to be here. I do know of you, Senator. A few years ago I served in the State Legislature for many years, and I am sure that people in the Williston area caught the TV and sometimes mixed us up, because I did get both irate and complimentary calls that I am sure were directed to you, both ways.

Senator BAUCUS. I hope you got more of the latter.

Mr. BACKES. But I directed them back to you.

Well, it is my pleasure to be here, and I would like to thank you for the opportunity to provide input into the development of the 1991 Federal Highway Act.

The present Federal Highway Program has been one of the most successful, long-running cooperative partnerships ever undertaken by Federal and local government agencies. Over the years the system has developed the safest and most efficient highway network in the world. I put the Federal-aid Highway Program in the same category as other successful Federal programs such as the

Rural Electrification Act, Universal Postal Service, and water development projects.

I was very concerned about some of the initial proposals regarding the 1991 Federal-aid Highway Program. Many rural States are concerned that some of the proposed changes to the next Federal highway bill could have a negative impact on the amount of funding they receive. Therefore, we have worked closely with other rural States such as South Dakota, Montana, Wyoming, and Nevada to ensure that rural issues and concerns will not be overlooked in the next highway bill. These hearings provide an excellent opportunity to provide that input.

A great deal of attention to transportation problems in the United States has focused on large metropolitan areas, but the conditions in rural areas are critical and the financing outlook is bleak. Urban congestion and gridlock are major transportation problems that must be addressed; however, some rural areas are also experiencing a form of gridlock in that they are unable to move their commodities effectively due to load restrictions placed on roads and bridges, and I think you just heard some of that this morning.

The problem associated with North Dakota's road system is not moving people, it is moving commodities. North Dakota depends on trucks and rail service to move its agricultural products. Rail shipments play an important role in moving agricultural products, but all of these loads are initially carried by truck on the road network to get to the rail facilities.

Our transportation problems are compounded by the fact that since 1980, over 700 miles of branch line have been abandoned in my State. As a result, rail service has been lost in three counties and over 50 communities. When lines are abandoned the commodities are moved by truck, putting additional pressure on our road system.

Secretary of Transportation Skinner said that State and local governments will be required to foot a larger portion of the bill for future transportation improvements. This puts an added strain on financially-strapped State and local budgets.

The need for additional revenue to improve our current transportation system is evident. North Dakota is currently spending \$45 million in construction funds each year to preserve and improve our rural highway system. According to a study conducted by the North Dakota State Highway Department, if we are to keep our system in the same condition in the year 2000 as it is now, we should be spending \$104 million per year, or about two and a third times our current expenditures.

Needs are increasing at a time when revenue sources are declining. In 1985, North Dakota received \$80.5 million in Federal aid; in 1988, this was reduced to \$61 million as a result of spending limitations imposed by Congress.

North Dakota has more miles of road per capita than any State in the Nation. Increasing user fees in rural States like North Dakota doesn't generate a lot of revenue. The national State-wide average annual yield for a penny increase in the motor fuel tax is \$26.1 million. In North Dakota, one cent generates about \$4.1 mil-

lion, or less than one-sixth the national average. I know that's true of South Dakota and Nevada and Montana, too.

On the other hand, California generates \$136 million from each cent of its motor fuel tax. This is more than the North Dakota State Highway Department spends annually on its entire State construction and maintenance program.

It isn't that the rural States are not trying to generate revenue on their own. In fact, residents of rural States pay some of the highest motor fuel taxes in the Nation. North Dakota's motor fuel tax is 17 cents per gallon, and our Legislature approved increasing the gas tax to 20 cents and the diesel to 19 cents. However, these increases are being referred to a vote of the people on December 5th.

South Dakota's motor fuel tax is 18 cents. Nebraska's is 18 cents and Montana's is 20 cents, compared to a national average of just over 15 cents.

If adequate revenue is to be provided in the next highway bill, we must work to protect the Trust Fund from outside interests. There has been increasing pressure to use highway funds to support other programs or to reduce the national debt. Using motor fuel taxes to reduce the deficit would depart from the user fee philosophy of the State-Federal transportation partnership for funding highway improvements.

Increasing the motor fuel tax for deficit reduction would unfairly shift the tax burden to large rural States, which are dependent on the automobile. It would also inhibit the ability of State and local governments to raise additional revenues to fund transportation. I want it understood here that I am not opposed to an increase in the Federal gas tax, but I don't want it for deficit reduction.

Spending limitations—as a means of balancing the Federal budget, Congress has imposed spending limitations on Federal highway funds. In fiscal year 1988, North Dakota's total apportionment was \$72.8 million. However, as a result of obligational spending we were only allowed to spend \$61 million. In the past few years Congress has held back over \$34 million that North Dakota could have used on its road network. The revenue was collected to be spent on roads and bridges and should be used for that purpose.

Sanctions—in the past few years there have been many attempts and proposals to impose sanctions on highway funds for noncompliance with Federal regulations. In many instances these sanctions may be counter-productive. The imposition of sanctions takes away needed highway funds and reduces the ability of a State to accomplish its mission of providing a safe and efficient highway system. The sanctions are often poorly targeted. In many instances the highway agent has no responsibility or authority to deal with the program for which the sanctions are being imposed. It is thus the classic "whipping boy" situation where the punishment is administered to the non-offending boy.

Sanctions should be eliminated and incentives should be provided to encourage States to comply with Federal regulations.

Federal standards and regulations—Federal design standards are needed so that we have uniform and safe highway travel throughout the country. However, there are instances where some of the standards that have been developed do not apply to low traffic

volume roads in rural areas. In these situations there needs to be some flexibility to allow the project to be built and to fit the needs of the area in an economic fashion.

The use of gas tax dollars to solve or minimize societal problems has become a major expense of the North Dakota highway program. Meeting unreasonable and arbitrary regulations regarding wildlife, archaeological, DBE, and other programs is consuming an ever-larger share of the dwindling road program budget each year.

The 1991 Federal Highway Act—as the Interstate System nears completion and a new highway bill is prepared, preservation should be the primary goal of the new system. It is essential that States be given the flexibility to transfer funds to the programs that address the greatest needs at the State level. We support relaxing regulations to transfer funds.

It is essential that lane miles continue to be a major factor, and that minimum allocations be maintained.

The ability to pay—and you've mentioned that, Senator — the ability to pay and the effort put forth by the States to generate revenue should be taken into consideration in developing the next Federal Highway Program.

In conclusion, the future challenge is to maintain and build upon our past achievements by continuing to assure a safe and efficient transportation system, promoting economic growth. The continuation of the Federal Highway Program is essential to the future of rural transportation. This working relationship has been very successful in the past and I would hope that it would continue in the future.

Thank you very much.

Senator BAUCUS. Thank you very much, Richard.

Richard Howard.

**STATEMENT OF RICHARD L. HOWARD, SECRETARY,
DEPARTMENT OF TRANSPORTATION, STATE OF SOUTH DAKOTA**

Mr. HOWARD. Thank you, Senator. It is a pleasure to be here. I think you will see that South Dakota has the same position on several of these issues as do Montana and North Dakota.

The Federal-aid Highway Program is vitally important to America—urban, rural, east, west, plains States, and the sun belt. Beyond all other considerations, the next highway program must be fair to the States, collectively and individually, and must strongly emphasize preserving the Federal-aid Highway System as it exists today.

The Federal-aid Highway System has contributed to economic growth throughout the country because it has been carefully crafted to serve the diverse interests of America. We believe that the reauthorized program must continue to take that national approach, an approach which recognizes the importance of rural as well as urban areas.

We don't think Congress should argue with a successful program. We believe the best way for the Federal Government to help States and local governments meet the highway challenges of the post-Interstate era is to continue the structure of the present law with

only minor changes. Continuing the basic structure of the present program would be consistent with two important principles.

First, the present program has been tested through years of practice and found to be fair and equitable. The Congress should reject speculative claims that major alterations to the program could produce a program that is workable and fair to all. The existing program already meets these criteria.

Second, continuing to closely follow the present program structure would help ensure the ability of States, particularly rural States, to preserve their current highway systems. States have built many highways with the assistance of Federal funds, confident that there was a long-term Federal commitment to those roads as part of a Federal program. Yet some would restructure highway programs so that Federal spending in urban areas would be increased and investment in rural areas would be deemphasized. Rural States would be threatened with reduced funds for rehabilitation of secondary and primary highways at a time when rehabilitation needs are increasing.

Our Interstate System is a tremendous accomplishment. This system is now largely completed, and I suggest that we are reaching this point just in time. It is increasingly apparent that funds which have been spent for Interstate construction are now desperately needed to maintain, rehabilitate, and reconstruct the Interstate System and other Federal-aid highways.

Therefore we recommend that the basic approach to funding under the next highway bill should be to eliminate the Interstate construction funding categories and distribute the level of funding that has been historically dedicated to those categories among the other existing categories according to each category's relative share of the Federal-aid program. In addition, each State's proportionate share of funding available through each category should remain the same.

For example, the Interstate 4R program now represents approximately 21 percent of total Highway Trust Fund apportionments, and 29 percent of apportionments if the Interstate construction categories are excluded. Our suggestion, therefore, would result in 29 percent of Federal apportionments being made available for Interstate 4R in the post-Interstate construction period. Apportionments for primary, secondary, urban, and rural systems would be similarly calculated.

The previous panel, the Mayor and the County Commissioner, spelled out the needs list that they have for increased urban funding and secondary funding. A reallocation of the Interstate construction funds would allow the urban and secondary programs to also grow, along with the Interstate 4R and the primary program.

This approach encompasses both our guiding principles. First, it is fair because it maintains the current approach which has been developed cautiously, intelligently, and equitably over a period of many years. Second, it supports the Federal-aid Highway System by preserving the basic structure of the program and greatly assists the States in rehabilitating and preserving roads built under the system. Very simply, we support the current Federal-aid Highway Program and see no reasons for wholesale change.

More populous States have advocated a change in allocation formulas to give more emphasis to traffic and less emphasis to lane miles. Congress and others, including the Federal Highway Administration, have consistently seen the engineering basis for the current approach, and we strongly urge the retention of the current formulas.

While we do not perceive a need for major change, we have tentatively identified two factors which should be considered if Congress opens the question of how funds should be distributed among the States. It is interesting, Senator, that you have mentioned both of these.

These factors would recognize, number one, the effect of climate on highway facilities, and number two, the ability and commitment of States to raise transportation revenues.

On a per capita basis, South Dakota annually spends \$307 of non-Federal resources on highways, while California spends \$190 per capita. Also, as Commissioner Backes mentioned, in South Dakota one penny of fuel tax raises \$1.4 million per year, while a penny in California raises about \$140 million, which is 34 times as much revenue per penny, but California only has two and a half times the miles of highway that South Dakota has.

The existing national transportation system was built on the concept of access. It was believed that the ability of people and goods to travel efficiently was a national concern. We must never lose sight of the Federal role in transporting nationally-significant commodities, such as food, forest products, coal, and minerals. Farm-to-market transportation is critical—not only for basic human needs such as food and shelter, but also for our national economy.

There has been talk about other proposals to significantly change the Federal-aid Highway Program. One mentioned previously is the proposal that is being advanced by AASHTO. The Federal Highway Administration has a similar program where basically they would separate the Federal-aid Highway System into a System of National Significance, and a catch-all category of "other highways," call it a Flexible Highway Program or a State-local system. The fallacy of this concept is that a disproportionate share of a rural State's highways will be included in its Flexible System and there will be insufficient funding to meet these needs. These proposals have been combined with a hold harmless feature which would ensure that no State receives less funding than it received in the last year of the current highway program, regardless of what the distribution would otherwise provide.

We are very uncomfortable with such an approach to the next highway program because, number one, it appears to be leading toward abandonment of Federal responsibility for part of the Federal-aid Highway System; number two, it asks States like South Dakota to trust a hold harmless concept that we perceive as vulnerable to the political process; number three, it abandons the use of formulas which we believe fairly allocate funds to all States; and four, it breaks the faith with States which built highway systems that serve national needs more than local needs.

In conclusion, I urge the committee to retain a clear perspective of the direction taken by upcoming highway legislation. Although the highway program is undergoing a transition from Interstate

construction to highway preservation, that does not mean that traditional principles should be abandoned. To the contrary, it is vitally important that we begin this new era by reaffirming the same guiding principle of fairness and commitment to all regions of the Nation that have characterized the past 30 years.

Thank you, Senator.

Senator BAUCUS. Thank you very much, Richard. Garth, you're next.

**STATEMENT OF GARTH F. DULL, DIRECTOR, NEVADA
DEPARTMENT OF TRANSPORTATION**

Mr. DULL. Senator Baucus, thank you for allowing Nevada to testify on reauthorization of the Federal-aid program. I have submitted my full written comments and I, too, would like to summarize mine in the interest of time.

The preservation of America's existing surface transportation system should be the primary goal of any future national transportation program, since it is the system upon which this Nation's economic health and economic vitality depend.

When we talk of changing the Federal-aid program because of the pending completion of the Interstate System, we wonder why there is any great need to change the basic concepts that have served us so well for over 30 years. As a matter of fact, to call the Interstate "complete" is a misnomer. It is not complete, nor do we expect it to ever be complete. It will be subject to construction and reconstruction for many years to come. Additionally, the primary system, which is Interstate in nature and which has been constructed to freeway standards in many cases, will face a continuing need for expansion.

The basic program consists of the Interstate, the primary, the secondary, and the urban systems. We consider these systems and programs the essence of our national transportation system. These should be considered as essential elements in any proposal that would change the current program.

There are many proposals out there for the reauthorization of the Federal-aid programs: AASHTO, the American Association of State Highway and Transportation Officials; the Federal Highway Users Federation, and FHWA itself. All appear to be cut from the same cloth.

It is obvious to us that three different organizations didn't arrive at basically the same conclusions through any independent thought process. They propose a System of National Significance and a Flexible Program. The Highway System of National Significance would consist of the Interstate and a portion of the primary. There is also some talk of changing the minimum allocation from 85 presently to something like 90 percent. The rest of the primary, secondary, and urban systems would be classified in the Flexible Program. The Flexible Program would be a turn-back or block grant program, based on a dollar returned for a dollar contributed. This considerably changes the donor-donee relationship among States.

Additionally, there would be no requirement to adhere to Federal design or construction standards. This would signify a retreat from the progress we have made in reduced accident and fatality

rates. The highest accident and fatality rates, as I am sure that many of us know, are on the rural primary and secondary.

According to the data we have received, Nevada would have, out of its 5,400 miles, some 2,400 miles in the Highway System of National Significance. That leaves 3,000 miles for the flexible side of the program. That's totally unacceptable to Nevada.

Additionally, FHWA is proposing a change in State match ratios. Nevada presently has 95/5, or 95 percent Federal funds and 5 percent State match, on most programs in Nevada. The change would be to 60/40 or even 50/50. This puts more of a burden on the States to increase their user fees in order to meet the Federal match and still continue an adequate State maintenance program.

Under the current proposals the 3,000 miles that I mentioned before in the Flexible Program in Nevada would go wholly underfunded. In other words, changing the match ratios increases the Federal-aid program at the expense of the States. Nevada already has one of the highest gas taxes in the Nation; 18 cents at the State level and 5 cents on the local options gives us a State-wide tax of 23 cents.

To address the Highway Trust Fund, we need to eliminate the illusion of deficit reduction in the Trust Fund. It should be removed from the unified budget and there should be no obligation limitation. We have been underfunding our transportation systems far too long.

We need to eliminate the exemption of alternate fuels. We need to increase Federal user fees in order to preserve and enhance our transportation system.

Any proposal that would turn the program or any portion of the program or funding entirely back to the States is short-sighted and something that we can ill afford to do.

We believe there should be no change in apportionment formulas without first considering fully the ramifications concerning that.

In conclusion, Nevada is not alone in its opposition to the 2020 proposals that we have heard. As you have just heard, many of the WASHTO States have voiced their objections to it and WASHTO itself, the Western Association of State Highway and Transportation Officials, has almost always voted against the 2020 proposals. In addition, the Western Governors Association is on record as being against many portions of the 2020 program.

I strongly request your full support for a future Federal-aid program which will embrace the same basic concepts and structures as exist today. Many improvements can and should be made which will increase efficiency and flexibility without sacrificing the basic concepts that have made the current program so successful.

Thank you, Senator.

Senator BAUCUS. Thank you very much, Garth.

Gene, you're next.

STATEMENT OF EUGENE H. FINDLAY, PRESIDENT, WESTERN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS, AND DIRECTOR, UTAH DEPARTMENT OF TRANSPORTATION

Mr. FINDLAY. Thank you very much, Senator Baucus. I deeply appreciate the opportunity to be here today and testify before you, representing the Western Association of State Highway and Transportation Officials [WASHTO]. As such, I will testify to supporting the position which we feel was reached by consensus at the recent meeting of the American Association of State Highway and Transportation Officials [AASHTO] in Atlanta, Georgia, but which differs a bit from that which was espoused by the other four gentlemen here today.

I sincerely believe that the issues surrounding preservation of our transportation infrastructure and modifying it to meet the 21st century needs of this Nation are perhaps the most significant domestic issues that will face the United States Congress in the next two or three years. We are faced with gridlock. We are faced with deteriorating infrastructure, and we need somehow to overcome those problems.

I believe that the new Federal-aid Highway Program must fit in the context of the overall multi-modal transportation needs of the country. While it is vital that we have an excellent program for providing for highways, we need also to remember that highways connect railheads, shipping ports, and airports, that play a significant role in the movement of people and goods throughout the country and the world.

I believe that the concept of an Interstate System which provides for free movement of people and goods between major metropolitan areas of the United States is excellent, but this also needs to be supported by the many less-recognized arterials which carry people and goods between the rural areas of America and the major market centers.

We met recently as a group of highway officials in Atlanta, Georgia, and we came up with a consensus document. This document does not have 100 percent agreement. There was a lot of compromise and a lot of give-and-take, but what we did reach was what we felt was a compromise document which could be supported by most of the States.

The important things about that document that need to be recognized are that many of the goals which we have been talking about today are contained in that document. We believe that the first priority should be that of preservation of America's existing surface transportation system. We believe that there must be a balanced approach to increasing capacity and reducing congestion on the Nation's highways. We believe that user and benefitter fees, set at an appropriate level to cover the economic cost of the facilities, should be enacted, and we strongly oppose any proposal for increasing the gas tax or fuels tax for the reduction of the Federal deficit.

We would also strongly support the removal of the Federal Highway Trust Fund from the unified general budget, so that the effects of trying to balance the budget in the name of Gramm-Rudman would not impact the highways as they do now. As was previously

mentioned, we have several billion dollars tied up in the Trust Fund that can't be spent because those funds have been impounded, so to speak, to reach the goal of balancing the budget, but they were really collected to be spent on highways. We strongly believe those funds should be released for the purpose for which they were collected.

We believe in the safety factor. The highway systems need to be safe. We believe we need a system which gives access to all parts of our country, and yet maintains a balance in the way the system is operated.

We also believe strongly in research and development. And finally, we believe that the highway system leads to the support of economic vitality. In the words of a previous official of AASHTO, "America did not build great and beautiful highways because America is rich, but America is rich because she had the foresight to build a good highway system." We believe strongly in that.

Now, there has been a recommendation that to reach these goals there would be a Highway System of National Significance, and this system would focus on those highways which would play a national role. Unfortunately, through preliminary efforts, the Highway System of National Significance looked good as a concept, but it was restricted artificially by those who were trying to come up with it, and as a result it has gotten an adverse image.

But we believe that there should be a System of National Significance which is not now currently defined.

We believe also that there should be other issues of national significance which deal with the local and rural needs. We believe that the dominant issues of national significance are urban mobility, suburban congestion, rural access, and modal interlinks.

We believe that there should be a fair, straightforward, and simple formula and equitable discretionary guidelines used to allocate revenues collected at the Federal level to State and local units of government.

Again coming back to the categorical highway program, which is the program that would support the System of National Significance, we believe that the same donor/donee relationship which now exists needs to continue. The donor/donee relationship will provide large land area, sparsely populated States with the ability to fund projects on the System of National Significance.

Through a hold harmless provision, no State would receive less than the current highway program would provide in 1991 as if all the States had completed their Interstate Systems. To ensure some degree of equity of formula allocation, an 85 percent minimum allocation provision should be established and the existing one-half percent minimum apportionment retained for the categorical highway programs. In the event Federal highway funding is increased above the 1991 levels, AASHTO recommends that every State, including the hold harmless States, should then receive an increase in its allocation. The percentage growth in highway allocation amounts for hold harmless States should be at an equitable percentage growth rate.

To sort of wrap it up, we believe that the Nation has to look to the fact that the current funding levels are not adequate to provide the services which we feel are necessary in the immediate future.

A study indicates there needs to be an investment of some \$80 billion a year to provide the funding necessary. This is some \$14 billion more than the current combined total of \$66 billion in Federal, State, and local government spending in 1987.

To put this \$80 billion into perspective, 1987's total expenditure of \$66 billion was equal to about \$0.032 for every mile that Americans drove that year. AASHTO recommends that this level of \$0.032 should be increased to about \$0.04, just to keep the Nation's existing system adequate.

According to authoritative sources, in 1988 it will cost \$0.334 per mile to operate a passenger vehicle. So this increase from \$0.032 to \$0.04 is really quite small. But AASHTO also believes that in order to really do the job we need to increase that amount to about \$0.05 per mile at today's total annual vehicle miles of travel, or to a level of about \$100 billion annually.

AASHTO recommends that total State-wide urban and rural lane miles, total State-wide urban and rural vehicle miles traveled, and other appropriate factors be used for the State-by-State formula distribution of Federal categorical highway funds rather than using factors directly related to the Highway System of National Significance.

I think that's important because there is a recognition that there can be a danger if we do just the System of National Significance.

In conclusion I would like to say this. Although a majority of the AASHTO committee rejected some proposals by WASHTO, there was one point that was put forward which I believe has significant merit. In those States which have a small population compared to the land mass, and they have large sums of Federal property, such as Alaska, Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, and Wyoming, that there needs to be a special discretionary fund set aside which would equal 2.5 percent of the Federal Highway Trust Fund, or approximately \$350 million at its current size. Distribution from this fund would be made to those States applying based upon demonstrated need that could not be met by other programmed allocations from the Trust Fund. This, then, would help offset the effects that we see in trying to maintain a national system in States that have a reduced tax base because of the large acreage that is owned by the Federal Government.

I hope these recommendations will help in your important deliberations over these next few months. I thank you for the opportunity to address you and to provide this information in the process.

Senator BAUCUS. Thank you very much, Gene. That last idea is interesting.

I assume all the rest of you agree with that discretionary fund?

Mr. LARSEN. We tried to get that passed once.

Senator BAUCUS. Tell us what happened. Was it just flatly rejected? Was it seriously considered?

Mr. LARSEN. Well, he read the list of States that it does basically affect. Of course, you can see by the sheer numbers that with 50 votes out there and you end up with about 11 States, you are basically outvoted 39 to 11. That's how it goes. It's a democratic process.

Senator BAUCUS. Even though it's a democratic process, during these discussions is there a sense of compromise and give-and-take, or is it more a case of everybody being out for himself?

Mr. LARSEN. I will let Gene answer that. He's the President of WASHTO.

Senator BAUCUS. Right, but everybody gets together—I'm just kind of curious.

Mr. LARSEN. Well, we were all in Atlanta about a month ago, so, Gene?

Mr. FINDLAY. I think there is a spirit of give-and-take. There at Atlanta we recognized that we wanted to come up with a consensus opinion. We wanted to have a single position for all of the State highway transportation officials, so there was some compromise. I think there was considerable concern on the part of some States that if the western States were to boycott this, that it would be a severe fracture of the whole system so they wanted to give in on some things.

I think that with further review and further discussion it is a very possible fact that this position might be recognized by those States. I think it needs more time to gel.

Senator BAUCUS. But you don't agree with the AASHTO recommendation, do you?

Mr. FINDLAY. Well, let me say this. The basic philosophy that AASHTO has tried to achieve, I do agree with. There are several factors in there that have not been nailed down to the point that they are really definitive. For example, let's go back to the idea of the categorical or the System of National Significance.

The belief was that we really ought to identify the Highway System of National Significance so that we could zero in on those highways which really do play a part nationally, but the trouble was that there was an artificial formula set somewhere that dictated that some of the States could not have any more than 4 percent or—you know, there was a certain percentage of the number of highways that could be on this. So as a result of that, it was a sort of give-and-take thing—"Well, you've got too many miles of highway that you've designated," and I suppose that's what happened here in Montana. It happened to us in Utah.

So we objected very strongly to any pre-set number of miles. We said that what we ought to look at is what really is the System of National Significance.

Now, in Atlanta some people wanted to retreat from that and—

Senator BAUCUS. I'm just trying to learn here. Why would we in the west even want to consider moving away from the basic, present, current structure of formulas toward something new that looks like it's loaded against the west? Why would we even want to consider that in the first place?

Mr. FINDLAY. Well, I am not so sure that it did go against the west. The relative proportion of roads in Utah—and I represent most of the other States, too—that have a national significance is greater than all of the roads that would have that in California, for example, or most places. Because of the size of the land mass that we have, moving across the State, I think the total number of miles might be greater.

So I agree that we ought not be paying for all the roads of San Diego and Los Angeles and so forth, but we rather should be concentrating on the infrastructure that moves the people through to the major end destinations of those systems.

Senator BAUCUS. Let's approach this a bit differently. Let's assume that Congress decides that basically it is just going to stick with the current allocation system. Assuming we do that, what adjustments to the current system do you think make sense? We have heard of moving Interstate money over to the other; one of you mentioned that. What other kinds of adjustments make sense?

Mr. LARSEN. I think all of us here, Senator, would agree that we like the system the way it is. I think probably that all of us would agree that we would go along with something like that. I think there are some things that probably could be changed; instead of having 30-some categories, we think it should be cut to 5 or 6. We could live with that.

We all feel very strongly that we do have to take care of the secondary system, we do have to take care of the primary system, we do have to take care of the bridges. I think Commissioner Backes once made the statement in Atlanta that although major cities and major States call their systems a gridlock, we call it a "mudlock" because we have trouble getting through the mud where they have trouble getting through the traffic.

Speaking for Montana, we didn't have to build 1,200 miles of Interstate to get the people in Montana from one side to the other.

Senator BAUCUS. Right. But do you think it is worthwhile for me to pursue it, and others from the western States, pursuing changes in the formula according to percentage of taxation effort as part of the formula? Or this "bridge" concept, for example? Or should we not?

Mr. LARSEN. Well, speaking for Montana, of course, I would like to see the match funds and the system stay as they are. I think I will let Dick or Garth or the other Dick speak to this also.

Mr. BACKES. I think before the larger States such as California and Georgia and whatnot argue that it isn't fair, that they are donor States—

Senator BAUCUS. There's an answer to that. The answer is that we're not getting enough, because we have to raise our highway taxes that much more to offset it.

Mr. BACKES. That's exactly right. I think that is the best offset you can use against them, Senator, is that "You're not making an effort. You're just lucky."

Senator BAUCUS. We should be getting more if it is allocated equally across the Nation.

Mr. BACKES. Right. So I think you can use that as a tough debating point in that they think they're contributing more to us than they should.

Mr. HOWARD. If the current formulas are fair, and they have worked out over the years and they have worked well, our number one position is that we retain the same formulas. If it is necessary to look at other factors, then I have identified the weather, the climate, the environment-related factors, and the effort and ability of States to raise revenue as two factors that the western States

ought to look at if you get into a position where you have to consider different factors in the allocation formula.

Senator BAUCUS. I agree that the Highway Trust Fund should be off budget and that we should not raise gasoline taxes for deficit reduction purposes. I agree with all that, but would you go further in saying that we ought to spend more of the dollars that are in the Trust Fund? Get down to, say, \$3 billion or something like that? Do you see any problems with that or do you advocate that? I'm just curious about how strongly you as Commissioners advocate getting that balance down more, once we are off budget, to about \$3 billion or something.

Mr. DULL. Garth Dull, Senator.

We strongly advocate drawing the Trust Fund down, increasing the program to something like \$18 billion without even a gas tax increase at the Federal level. That could be done over a five-year bill, and I think most people agree with that. Even AASHTO agrees with it. FHWA even agrees with that. If you could draw that Trust Fund at a certain rate every year, you could have an \$18 billion a year program. That's a 50 percent increase over what we had in the last highway bill.

Mr. FINDLAY. I would just like to say that from Utah's perspective, we just recently completed a review of all of our systems and identified the projects which we need to get done to catch up to, to solve some of the deterioration problems, to solve some of our congestion problems. That indicates that if we should do that within the next five years. We won't get it done in five years, but the total is \$2 billion.

Now, to give you a perspective, the total cost of the Interstate since we began in the late 1950s until we complete it cost \$1.8 billion, so there is plenty of need out there. So what we really need to do is get the dollars out of the Trust Fund and out into the systems where they are needed. I can see no advantage whatsoever in tying those funds up

Senator BAUCUS. You mentioned a point, Dick Backes, that Secretary Skinner has indicated publicly somewhere that local communities should bear more of the burden here. I'm not surprised to hear him say that; he's from Chicago. It's a little different from the west. I can remember when we in the western States were very concerned about Essential Air Service, wondering what we could do to help keep Essential Air Service. As soon as President Bush announced his appointment for Secretary of Transportation, Mr. Skinner, the instant I heard that I asked my office to get him on the telephone for me. We tracked him down in Chicago. I introduced myself and so forth, and said, "Mr. Skinner, we have a program that is very, very important to us in the west. It's called Essential Air Service. If you don't look more kindly on it than the Administration does"—at that point the Administration wanted to zero it out, zero dollars—"you're going to have a hard time getting confirmed in the Senate, and I'm going to see to it that you do have a hard time getting confirmed in the Senate." He said, "Well, thank you very much; I'm glad to hear that, but what is Essential Air Service?" He didn't know what it was. Again, I'm not surprised he didn't know what it was because he's from Chicago.

But I asked him to consider all that. He did, and to his credit and to the Administration's credit, they worked with the Congress and we did get some appropriations for Essential Air Service.

Now we have to get him educated on highway funding in the west. I asked him to come to Montana and he said he would, so now I have double reason for showing him around our State, which has interests very similar to the States you represent, and that is both Essential Air Service and our perspective on highway funding.

But I wasn't surprised at the Secretary's remark because he is from a very congested area. I don't think he fully appreciates our problems.

Mr. HOWARD. Senator, his idea is to have States helping themselves more or providing a 50 percent match to the Federal funds, rather than looking at the efforts that the States are already making in terms of their overall fuel tax and the per capita expenditure of their people.

Senator BAUCUS. Well, I would like to talk to you some more but we have a lot of witnesses. I appreciate your testimony very, very much. Thank you for coming those great distances, I appreciate it.

The next panel is Janelle Fallan, Chairman, Montana Highway Users Federation; Bill Olson, Montana Contractors Association; Bonnie Tippy, Executive Director, Montana Innkeepers; Ben Havdahl, Executive Vice President, Montana Motor Carriers Association; and John Clark, who has Clark's Bus Service.

Okay, Janelle, why don't you lead off.

STATEMENT OF JANELLE K. FALLAN, EXECUTIVE DIRECTOR, MONTANA PETROLEUM ASSOCIATION, AND CHAIR, MONTANA HIGHWAY USERS FEDERATION

Ms. FALLAN. Thank you. My name is Janelle Fallan. I am Chairman of the Montana Highway Users Federation, as well as Executive Director of the Montana Petroleum Association, a division of the Rocky Mountain Oil and Gas Association.

The Montana Highway Users Federation is a non-profit, nonpartisan organization seeking betterment of all roads at the lowest cost commensurate with adequate facilities to meet the needs of Montanans and other Americans. A list of members of the association is attached to my written statement for your information.

We would agree with the previous statement of Mr. Larsen and with Senator Baucus' opening statement, that each State must receive at least as much Federal highway money as it does now, and that each State must share equitably in any increases in Federal highway money approved by Congress.

A "gee-whiz fact of the day"—I'm surprised it hasn't come up; I got this from Mr. Larsen—Montana has the second highest number of miles of Interstate highway in the Nation, some 40 miles less than Texas. That should give anybody who has any questions about where Montana is or how vast it is a pretty good idea.

There are two aspects of the value of highway construction that I would like to address that haven't really been talked about.

One, highway construction is not only vital to continued economic opportunity in Montana; it is an important component by itself

in a State where those good, basic industry jobs are perhaps more appreciated than in other States with healthier economies.

Second, much of the crude oil refined in Montana produces asphalt for which our refineries need markets. The asphalt is available; our roads need work; let's get the job done.

Congress should consider removing the Highway Trust Fund from the unified Federal budget. Future Federal legislation should prohibit the practice of limiting obligational authority and should require that revenues and expenditures be equal. The nearly \$20 billion of user contributions that will be lying unused in the Highway Trust Fund by 1992 should be used as intended.

Three other issues I would like to raise briefly today are clean air legislation, exploration and development of American petroleum resources, and use of the gas tax to reduce the Federal deficit.

The transportation industry has played a leading role in the tremendous progress made to reduce pollutants over the last two decades. Leaded gasoline has been phased out. Automobile fuel efficiency has doubled since 1974 and auto emissions have been reduced substantially since the late 1960s.

It is absolutely vital that new clean air legislation not mandate any one specific fuel, but allow flexibility in meeting targets. Just this summer the American auto industry and 14 petroleum companies announced a comprehensive joint research and testing program to evaluate a wide range of fuels for use in both current and future cars and trucks. The program is in support of the President's Clean Air Act, which considers cars and trucks and the fuels they use as a total system. The program's result will permit objective assessment of relative reduction in vehicle emissions and improvements in air quality. The program has no bias as to which fuels are the best for air quality. While research is going on, it would be premature for Congress to mandate any one fuel.

The second issue is the development of domestic petroleum reserves. This is not the time to be declaring large prospective oil and gas areas, either offshore or onshore, either in Alaska or in the lower 48, off limits to development until it is determined that those areas do not contain recoverable resources. We are now importing nearly 50 percent of our crude oil.

Third, as has been made very clear here today, our national transportation infrastructure is designed around the motor vehicle. A gasoline tax, like any non-luxury consumption tax, has a bigger impact on those who can least afford to pay it. We are already paying 21 cents per gallon if you include the one cent fee for underground storage tank cleanup. We must use our cars to get to work or to hearings like today, and we certainly do not have higher than average incomes in Montana.

We congratulate the Senator on holding this hearing. We know you share our concern about the importance to Montana about maintaining funding levels, and we wish you the very best in your efforts.

Senator BAUCUS. Thank you.

Bill, you are next.

**STATEMENT OF WILLIAM OLSON, SECRETARY-MANAGER,
MONTANA CONTRACTORS ASSOCIATION, INC.**

Mr. OLSON. Thank you, Senator. For the record, my name is William Olson, and I am the Secretary-Manager of the Montana Contractors Association, which is a chapter of the Associated General Contractors of America, the AGC.

Just as an example, to give you our concern about highway reauthorization, I would like to cite a few statistics concerning the Montana Contractors Association.

We have 225 member firms, of which 54 are general contractors, 140 are supply and service firms, and 33 are Ready Mix concrete firms.

In 1988 our members were awarded 84 percent of the total contracts let by the Montana Highway Department, for approximately \$100 million. Thus far in 1989 our members have been awarded \$96.5 million in contracts, or 94 percent of the contracts in the State.

The economic impact of the highway construction program in Montana certainly is noteworthy. Economists have reported that every construction dollar generates \$2.80 in economic activity. So using that as a guideline, the current highway program, which is approximately \$120 million, would generate \$336 million in economic activity in Montana, \$336 million. That certainly is a noteworthy figure. It is estimated that some 2,000 jobs directly related to construction are created with the program at its current level of funding. The economic impact and the creation of jobs are factors that cannot be ignored, Senator, and they mandate that Montana's highway program be sustained, as a minimum, at the current level of funding.

The current funding formulas and the donor-donee situation have been alluded to by the previous panels. In the situation as it now exists, they have to be preserved at that level. Rural States will just plain be devastated if that is changed. The loss of 25 to 30 percent of Federal highway funds in Montana, which is what it would amount to if you went dollar-for-dollar, would be nothing short of catastrophic.

No one can deny that urban congestion is a problem, but any new transportation policy or highway reauthorization should view our transportation network as a system, not a local condition such as you have in the California area. Montana, being a "bridge" State—again, that was referred to by previous panels—is a vital link in the movement of goods from the midwest to the coast or from Canada to the southwest. This link, which is in the form of an adequate system in Montana, must be preserved.

Another area of concern that impacts highway program reauthorization is the impact of alternative and oxygenated fuels, as part of pending clean air legislation, on the revenue base supporting the Nation's highway program. S. 1630, which I understand is now under consideration by your Senate Environment and Public Works Committee, is essentially a gasohol mandate because of the prescribed 3.1 percent oxygen content for fuels sold in carbon monoxide nonattainment areas during winter months. I say it is essentially a gasohol mandate since other fuel additives—methanol,

MTBE, and ETBE — cannot achieve that oxygen content. Gasohol currently enjoys a 6 cent per gallon exemption of the total 9 cents of Federal gas tax. At the current rate of gasohol sales, this exemption equates to nearly \$500 million in unrealized revenue for the Highway Trust Fund. Under S. 1630, relating to Montana, we would lose \$9.43 million—that's the estimated loss under S. 1630—because of the gasohol mandate. The total revenue loss to the Highway Trust Fund is estimated at \$1.1 billion annually by the Federal Highway Administration. This is something that we can ill afford.

The construction industry believes that at a time when this country is already seriously underinvesting in transportation infrastructure, clean air legislation should not mandate the use of gasohol, which will reduce revenues supporting transportation investment.

In summary and in closing, I have two items.

Any highway bill reauthorization should contain provisions whereby no State would receive less in Federal funding than is currently received.

The second one is that clean air legislation should be studied very carefully, with strong consideration being given to its impact on highway revenues which are needed to meet this country's documented transportation needs.

Thank you.

Senator BAUCUS. Thank you very much, Bill.

Next is obviously not Bonnie Tippy; it's Larry McRae.

Larry, go ahead.

STATEMENT OF LARRY McRAE, GENERAL MANAGER, OUTLAW INN, KALISPELL, MONTANA, AND CHAIRMAN, GOVERNOR'S TOURISM ADVISORY COUNCIL

Mr. McRAE. My name is Larry McRae. I am General Manager of the Outlaw Inn in Kalispell and Chairman of the Governor's Tourism Advisory Council.

The council is a 15-member body of individuals from the private sector of the travel industry, appointed by our Governor to oversee the promotion efforts of Montana as a tourism and travel destination. So it is on behalf of the entire travel industry that I present testimony to you today.

Just four days ago we celebrated Montana's 100th birthday, as you know. Our economy was built first on agriculture, then on mining and timber, and until a few decades ago those were the backbones of our economy. Today's needs and technologies have weakened the impact of our former strengths, and while these industries are still of great importance, we are building new hopes and strengths with the impact of the travel economy.

In recent years we have seen travel become perhaps the fastest-growing industry in our State. Montana possesses a wealth of tourism potential, but we must have a sound infrastructure to support our marketing efforts and provide a positive, quality experience for our visitors.

What is the economic impact of travel? Data collected during 1988 and 1989 by the Institute for Tourism and Recreation Research at the University of Montana documents that nonresident

visitors to our State generated nearly \$1.5 billion of total direct, indirect, and induced economic impact to the State. As remarkable as these figures are, they include only the traveler who arrives in our State by automobile or airplane. Those visitors who arrive by motorcoach and train generate even more dollars and have even a greater impact on the economy.

Approximately 4.4 million nonresident travelers enter Montana annually, spending over \$658 million. Because of these visits, 22,500 Montanans are employed in travel-related jobs. That equates to nearly 3 percent of our total population, and it has a total impact of \$368 million in payroll.

The impact of the travel dollar goes far beyond the first perceptions of lodging and food expenditures. The Institute found only 18 percent was spent on lodging and 27 percent for food services. Also measured were retail sales at 28 percent, transportation at 5 percent, 6 percent for incidentals, and 16 percent for gasoline.

These categories show the infrastructure that must be provided to the visitors arriving in Montana. We have to provide quality, affordable lodging and food services, but there must be opportunities to purchase Montana products and souvenirs, and it is of vital importance that we provide good highways and roads that lead to our attractions. Over 3.3 million visitors arrived by automobile and motorhome. Another 1 million visitors arrived by air, and many of those visitors rented vehicles. Others arrived by train and motorcoaches that we haven't been able to count.

Montana's travel industry cannot continue its dramatic growth or even remain constant unless we can provide a sound, safe, and effective highway system.

We are blessed with National Parks, National Forests, wilderness areas, and historical national monuments. These are the "hooks" that bring visitors to and through this Nation's rural areas. These parks, forests, and monuments are recognized and promoted by the travel industry and the State.

Yellowstone Park hosts over 2.5 million visitors annually. Nearly 1.4 million of those enter the park by way of Montana Highways 287, 89, and 212. Glacier National Park hosts an additional 1.5 million visitors who enter by Montana Highways 93, 89, and 2. While most visitors want to visit these national treasures, they also travel many miles on our other highways and roads to reach the forests, rivers, and lakes; to see a rodeo in a small eastern Montana town; or to participate in an art event or convention in a major city.

I could continue to list the amenities and attractions, but my point is that our out-of-State visitors use our highways and roads as extensively or more so than we Montanans do. We do not have major public transportation systems and only limited and expensive air service from other States and within our own borders. Our highways are the mainstay of our transportation needs for both residents and non-residents alike.

The Montana travel industry can only support a funding formula with a hold harmless clause which maintains our current level of funding, with built-in increases for the future. As many rural areas have struggled to solve their economic woes, they have looked to the Government to be the sole provider. We don't believe this should be the standard, but instead support partnerships and coop-

erative participation between governments. These cooperative efforts will benefit local, State, and Federal Governments.

If funding is reduced, our primary and secondary roads will fall into further decay. Required maintenance will not be financially possible, and the safety of residents and non-residents alike would be affected.

We have no available optional revenue sources in Montana to pick up a possible loss of highway funding. We presently have one of the highest motor fuel taxes in the entire Nation. We are the fourth largest State in square miles, and yet we are the sixth lowest in population. Because of our massive size we cannot accept any funding formula based on our population. Our current tax climate in Montana has pushed our citizens to near revolt, and they will not tolerate any additional taxes.

A decline in our strongly-developing travel industry will mean adverse economic effects far beyond the sale of a hotel room. It will mean fewer Montanans employed, fewer taxes on wages on both the Federal and the State level, less taxes paid by travel-related businesses, and less motor fuel tax collected. The economic impact of Montana's tourism reaches far into our communities and impacts what we can return to the Federal Government.

Thank you again for coming to Montana, Senator.

Senator BAUCUS. Thanks, Larry.

Ben, you are next.

**STATEMENT OF BEN G. HAVDAHL, EXECUTIVE VICE PRESIDENT,
MONTANA MOTOR CARRIERS ASSOCIATION, INC.**

Mr. HAVDAHL. Thank you, Senator Baucus. For the record, my name is Ben Havdahl. I am Executive Vice President of the Montana Motor Carriers Association in Helena.

MMCA represents some 325 motor carriers ranging in size from one-truck operators to carriers with fleets of 300-plus trucks. Some 95 percent of them operate in interstate commerce, in and out of States all over the country. The entire spectrum of motor carriers in Montana is included in our membership: agricultural haulers, independent owner-operators, private carriers, and a wide variety of for-hire carriers hauling passengers and commodities under ICC authority and PSC authority.

All Montana communities depend on trucks to transport all types of commodities to market and to bring essential commodities in from all over the United States. Over 50 percent of Montana communities depend exclusively on trucks.

MMCA has developed a formal national/State highway policy, and for the record of this committee hearing I have included a copy of the policy. My oral statement will summarize that policy.

Many witnesses here have testified to a lot of the benefits of the Interstate System. As the needs of our local economy grow and change, the trucking industry is responding with more specialized service and with flexibility in scheduling and with attention to shippers' increasing needs for more and more timely deliveries.

Like many neighboring States, Montana's economic future depends on maintaining a strong Federal Highway Program to ensure a top-quality network of roads and bridges. Once completed,

the systems cannot remain static, but support must continue for the systems that require maintenance, rehabilitation, upgrading, and expanding.

Our association supports the continuation of a high level of Federal funding for a system of top-quality roads—the Interstate System and important principal arterial highways, which are major connectors. We also support increased Federal funding for lesser rural connector routes and important bridges to ensure improved rural mobility.

Federal support for major projects on secondary and local rural roads must continue to be a key element in the Federal program. Recognizing that there are a variety of needs in different parts of the country, however, we believe the Federal program should provide sufficient flexibility to allow each area to meet its highway needs in the most efficient manner.

MMCA feels that more direct transportation benefit can be achieved from each transportation dollar through the simplification of Federal requirements. High mileage States with low traffic volume, like Montana, require continued fund distribution by a formula ensuring national support for our Federal highway network.

MMCA opposes any change in the current formula distributing primary and secondary road funds, and particularly Interstate 4R funds, now distributed according to lane miles and vehicle miles of travel. Information published by this committee indicates that by changing the weight of vehicle miles of travel over lane miles, rural States like Montana become adversely affected and would not easily absorb the Federal cuts due to small populations that result in a substantial reduction in the revenue base. The report shows that Montana would lose, as you mentioned, Senator, an estimated \$30 million a year and would require a State fuel tax increase of about 11 cents per gallon per year to replace the money. Collectively, the Rocky Mountain States under that report would need to raise fuel taxes 16½ cents per gallon just to break even.

A fuel tax increase of that magnitude in Montana, when added to the country's second-highest level of 20 cents a gallon, would seriously impact the trucking industry's economic situation, which is already in difficult straits.

Since 1983, State and Federal taxes on fuel and trucks have increased substantially, and one large truck in Montana pays more annual State and Federal road taxes than do 47.5 cars. Trucks in Montana pay approximately 42 percent of the highway user taxes collected in Montana, and when Federal taxes are added, that total is closer to 60 percent.

MMCA urges that any change in the Federal allocation formula will continue to provide every State with a minimum level of funding at least equal to the level of support now being received, and also that rural States like Montana would continue to share in any growth of the Federal Highway Program.

MMCA urges that the user-financed Federal Highway Trust Fund be made permanent, that it be spent on highways, and that the Trust Fund balances be drawn down as soon as possible to fund a larger Federal program. MMCA opposes a weight-distance or ton-mile tax being applied on an annual basis.

MMCA vigorously opposes any diversion of Trust Fund revenue for deficit reduction or for cross-subsidy of other modes. Such cross subsidies encourage investments that have little or no economic justification.

In a renewed national highway program, truck safety measures, truck productivity, and highway research must continue to have strong Federal participation and backing. Continuation of the Motor Carrier Safety Assistance Program, as well as programs aimed at substance abuse, is essential. Truck-related research constitutes less than 1 percent of the total R&D budget of the Department of Transportation.

Preliminary research indicates that the economic benefits and reduced transportation costs of greater truck productivity far outweigh the cost of highway improvements needed to accommodate more efficient trucks. Encouraging greater productivity in trucking is critical for national competitiveness. Trucking productivity means not only more efficient vehicles, but greater conformity in sizes and weights and Federal guidelines for routing sensitive cargo.

In conclusion, I would like to thank you, Senator Baucus, and this committee for the opportunity to speak to you today. MMCA would ask that you add a strong voice in favor of mobility and efficiency in the highway transportation debate. We must renew our commitment to a sound Federal-aid Highway Program supported by the Federal Highway Trust Fund.

We ask that you give equal consideration to recipient States like Montana with changing economies and declining populations, and remind you that America's economic survival in a global market rests both on a strong rural and urban America. Without one economic partner, the other will not succeed.

Thank you.

Senator BAUCUS. Thank you, Ben.

John.

STATEMENT OF JOHN CLARK, PROPRIETOR, CLARK'S BUS SERVICE

Mr. CLARK. I am John Clark. I am also with the Red Lodge Chamber of Commerce, filling in for our Chamber Director, who was unable to make it. I also operate two or three different bus companies around Yellowstone Park and the south-central Montana area.

Larry did a very good job of addressing the economic effects of highways as they relate to tourism if we're going to survive here. I guess I will just amplify on the circumstances of our community, which is Red Lodge and the Billings area.

Tourism is now developing into a very strong economic and mandatory aspect of our economic survival. Of course, our people are coming in on highways; without the highways, we have a problem. I could elaborate further on that, but I think that's pretty much the gist of our community's viewpoint.

Your point concerning communities whose highways would start falling into disrepair is very well taken. We feel like this is almost

a dead-end street. If people don't keep those streets going, our community will certainly not be able to maintain them ourselves.

Switching to school buses a little bit, which is also part of our trade, the word "safety" is underlined and reiterated continually and constantly. I guess the only thing I would like to put in front of you is that when you are addressing some of these people who are saying, "Well, we really don't really need highway funding in these sparsely-populated States," think about 2:00 o'clock in the morning. You've got a busload of kids going down a two-lane highway. Visibility is not the best in the world. I guess my feeling is that we want to do everything that we possibly can to ensure that those kids who are coming home from a basketball game or a football trip or whatever the case may be have all the advantages and the opportunity that all of the other kids in the populated States do have. As I say, I know the adrenalin is flowing in all the school districts that we work with. The administrators and myself, we don't go to bed until we know where those buses are and whether or not the kids are home safely.

Talk about "mudouts," I got a bang out of Mr. Larsen's comments. You know, when you're running school buses you wish you had paved highways, but I sometimes wonder if we wouldn't be better off to put some towels in front of our buses, because it seems like the times we are running them are much ahead of normal maintenance and procedures like that.

But we need help. We have a very sparsely-populated part of the world. As has been alluded to before, our impact on international tourism, our ability to provide foodstuffs and agricultural products depends on a viable secondary transportation network. I guess what we want to do is give you all the support we possibly can, in arguments or anything else.

As I say, these are just a few brief comments, but we certainly are supporting you in any way we can to maintain the equitable funding sources for the highway system.

Senator BAUCUS. Thank you, John.

I would like to ask you, John and Larry and others, what comments you hear out-of-State people make regarding our highway system.

Mr. CLARK. Not nice.

Senator BAUCUS. What do you pick up? What do you hear?

Mr. McRAE. A number of people who travel to Montana on a regular basis, either out-of-State or out-of-country—Canadians being a large part of Montana's market—chuckle and laughingly call our roads highways.

Senator BAUCUS. Have you picked up more of that over the last several years?

Mr. McRAE. No, I think it's something that has been going on for many years.

Senator BAUCUS. John.

Mr. CLARK. Yes, I concur with that. We pick up an awful lot of people for tours. I guess I look at it with mixed emotions. Some people say they would rather ride on our buses than drive their cars over the highways, which is fine; that helps us, but it doesn't necessarily go well with the reputation that we would like to have.

Going a little bit further into that, we have some of the most beautiful places in the world. Larry was talking about Yellowstone National Park and Glacier, and many of these others that the Tourism Department has started to work on. We have had a rough time convincing people that they want to go to them because they've taken a look at the roads. If we can't get something immediately adjacent to an Interstate or know that it's a safe and reliable road, a lot of those areas have some beautiful facilities but yet they will never be visited.

Senator BAUCUS. That's interesting. You find people who don't want to go want to go places if they think the roads aren't that great?

Mr. CLARK. This is what our experience has been. Again, this is just personally, when you are describing conditions. You may have an adventuresome group that will say, "Actually, we would prefer to go with a four-wheel drive, out in the middle of nowhere," but the majority of the people already have a misconstrued impression of what Montana has to offer, and they are afraid of getting off the Interstate System and finding that the blacktop goes to gravel, and all of a sudden they are in an isolated area. They are just a little bit concerned about it.

Senator BAUCUS. I was a bit struck that none of you really pushed for trying to change the present formula to accommodate Montana's concerns more, to take the offense—that is, our tax effort, this "bridge" concept that others have mentioned, for example. You tend to like the basic formula the way it is, as I heard you. But why not be aggressive? Why not go the extra step and say, "We have to change this from our point of view. We have a 20 or 21 cents gasoline tax; that's much above the national average, and these States like California and New York have much lower than the national average. We've got to change this formula to reflect the proportionate difference in the tax effort, for example, or this 'bridge' concept." There is a lot of traffic that goes across Montana. It doesn't stop here; it keeps going.

I was curious. Do you think it's worth opening up Pandora's Box or not?

Mr. CLARK. I guess it's up to you, sir. If you feel comfortable in going for it, we're going to support you.

Senator BAUCUS. Ben.

Mr. HAVDAHL. You're talking about the allocation formula?

Senator BAUCUS. Right. Yes.

Mr. HAVDAHL. Well, I think that one of the problems is that Montana is a "bridge" State. Recognizing that commerce in the country has to flow on an interstate basis, obviously the Interstate System in Montana happens to be one of the most important systems in commerce in our State, connecting the northern tier part of the country.

So it is imperative that the formula for allocation at least remain equal to where it is now to keep those systems maintained so that a free flow of commerce can be maintained over the highway system. So that is very important.

At the same time, as I mentioned, Montana truckers who are based in Montana could not make a profit and could not survive in

business if they depended on Montana commerce. We have to operate, and some of them operate in all 48 States.

So the Interstate System is critical to the trucking industry in Montana, not only for movement in the State, but all over the country. For example, the commerce flows to Montana from California are very significant.

Senator BAUCUS. I'm not saying we should tax trucks passing through Montana more, but I am saying that because so many do travel through our State and because we already pay such high gasoline taxes in our State, that the allocation to Montana should be a little higher to alleviate some of those higher taxes that we pay. That's what I'm getting at.

Mr. HAVDAHL. Absolutely. We concur with that, if you can get away with that politically, Senator.

Mr. OLSON. Senator, I think in answer to your question, they have often said that the best offense is a good defense—

Senator BAUCUS. That's why I raised it.

Mr. OLSON [continuing]. And I hope that's true tonight when the Capital Bruins and Great Falls meet.

But at any rate, I think that—

Senator BAUCUS. I went to high school in Helena, but I didn't go to Capital.

Mr. OLSON. Well, Capital wasn't there at that time.

But at any rate, I do feel that we are taking an offensive stature on this issue. The fact is that we don't like to get into combat with the urban areas, but I think the urban areas have also done that with this so-called "crescent coalition" where they have advocated this dollar-for-dollar situation. I know that the recipient States, of which I believe there are 28, have certainly banded together. At this hearing, the testimony at this hearing today, even though we may not be going ahead of what we already have, I still feel that we are not totally—that we are on the offense.

Senator BAUCUS. We're on the offense when? Right now?

Mr. OLSON. Right now, just by doing what we're doing to combat, again, the urban people.

Senator BAUCUS. Well, it is my view that we in the west have to produce legislation which introduces these other components into the allocation formulas for the very reason that you mentioned, Bill, that the best defense is a good offense. Have them there, have them ready.

Mr. OLSON. The matter of a portion of the appropriations being based on the effort certainly has a lot of merit to it. I don't know how you would convince the House of Representatives on something along that line. In the Senate might have a pretty good chance.

Senator BAUCUS. Sometimes it is good to be used as a trade if we have that in the Senate bill, for example.

Mr. OLSON. Sure.

Senator BAUCUS. If they've got some crazy change in the allocation formula, tilted more toward vehicle miles as opposed to lane miles, for example—

Mr. OLSON. No way.

Senator BAUCUS. That's what I'm saying. Sometimes it is good trade bait.

Mr. HAVDAHL. Again, regarding the 4.5 million visitors passing through our State to visit our attractions, in my testimony I alluded to the fact that they are certainly using our highways and as a result using our fuels. Perhaps with increased tourism more of that will happen. Maybe it will have a bigger bearing on what could happen in the end.

Senator BAUCUS. In the next panel we have the Regional Administrator for the Federal Highway Administration coming up. Ben, do you have anything you want to say at this point, any questions you want to ask of him before he gets up here?

Mr. HAVDAHL. I think, Senator, as I mentioned in my comments, that truck productivity is one of the essential things to maintain a strong transportation system. I think it might be well to encourage the Federal Highway Administration to take a look at some of the current size and weight restrictions, and certainly to increase research and study to determine the impacts of increasing size and weight standards on the pavements, et cetera.

I think that over the years the formula for determining weight for trucks has served us well. I think that now we are maybe looking at the crossroads, to take a look at that formula or those formulas to see if they cannot be expanded to increase the ability of the industry to function and move the freight over the highways that it is needed to do.

Senator BAUCUS. Thank you.

Let me make a point to you, Bill, about the oxygenated fuels provisions of the Clean Air Act legislation that is going to pass. All these points are interrelated.

As you know, carbon monoxide nonattainment is a problem in certain parts of the country, even in a couple of communities in our State. And 90 percent of the carbon monoxide that is emitted in nonattainment is exhaust emissions. To cut down that carbon monoxide volume in nonattainment areas we have to look at lots of different ways. There is no one way that we're going to get a solution. And the more oxygen there is in fuels, the less carbon monoxide is emitted.

It is true that gasohol, which is ethanol, is the only fuel so far that can reach the 3.1 provision that is so far in the legislation going through the Senate.

Now, you mentioned that because gasohol has a 6 cents waiver, from 9 down to 3 cents, there is a consequent reduction to the Highway Trust Fund. I understand that. But even though that is true, that does not mean that Montana gets fewer dollars. It only means that fewer dollars are going into the Trust Fund; that is, the waiver has no direct bearing on the allocation to the States. The waiver only has bearing on the funds that go into the Trust Fund.

Frankly, it seems to me—and I think all of you have testified to this; if you haven't, I think you concur—that the Trust Fund balance should be drawn down anyway. Some say it should be drawn down to \$2 billion or \$3 billion from what it is at present—what is it, \$10 billion?

Ms. FALLAN. It's ten billion.

Senator BAUCUS. —\$10 billion. But I just wanted to make the point that lots of points are related here. We are also trying to clean up the air at the same time. It is true that the waiver will

reduce the taxes into the Trust Fund, but it is not true that that will result in fewer dollars to the States unless the Trust Fund balance is drawn down so low that it is down to roughly \$2 billion or \$3 billion, and there are no more new dollars going in.

I suspect that we're either going to draw down, or we're going to add new dollars to the Trust Fund, or some combination of both so that the waiver does not have the result that you fear, that is, that it would result in fewer dollars to Montana or to other States, for that matter.

Mr. OLSON. Well, I appreciate that, Senator. It seems to me that we're in a situation here where we're talking about clean air, which we are all obviously interested in, and we're also talking about funding for a highway program. It's a case of trying to be able to have your cake and eat it too, I guess would be one way to put.

But what we're advocating—and I would be naive to sit here and tell you that I even know what MTBE is. This information came from our national office, which has been working with the committee, the staff of the Senate Committee on Environment and Public Works. But at any rate, it just seems like it should be definitely considered in this legislation. Just what is it going to do?

Senator BAUCUS. Well, one can ask, does it make sense to give the waivers to certain alternative fuels, whether they be ethanol or methanol or MTBE or ETBE on the one hand, while at the same time legislation might mandate the use of various alternative fuels? That is, why grant a waiver if it is mandated?

Janelle made the point that Congress should not mandate a certain alternative fuel, and I agree with that. I think we should encourage the petroleum industry to reformulate gasoline, too, as still another alternative fuel in addition to methanol. There are all kinds of alternative fuels that I think will be available in the future.

I guess the point I'm making is that this area is in flux. We're trying to figure out how to give as much discretion to private industry as possible, but at the same time encourage our country to move more toward alternative fuels.

Ben.

Mr. HAVDAHL. It seems to me that we're talking about giving a tax break to gasohol or other alcohol fuels. It can be appreciated that we need to clean the air and that air pollution is a problem. However, in our view it doesn't seem that an alcohol-fueled vehicle has any less impact on the highway system.

If it is imperative to give some sort of tax break to the development of gasohol or other alcohol fuels, we feel those tax breaks should come out of the general fund and not out of the highway user fund because the impact of the vehicle on those highways is the same.

Senator BAUCUS. What if the result is no reduction in the allocation of funds to the States?

Mr. HAVDAHL. That's right. That's the position.

Senator BAUCUS. What if there still is no reduction of funds to the States? A waiver, but still no reduction of funds to the States?

Mr. OLSON. I'm sorry, Senator?

Senator Baucus. Well, we have a lot more witnesses to go through here today and we probably shouldn't get into this, but I am saying that I understand your concern that the ethanol-powered vehicle also travels on the highways, just as a total gasoline vehicle does.

Mr. HAVDAHL. That's a combination of the fuels. I agree with you.

Senator BAUCUS. Now, my point is, are you opposed to waivers to encourage "cleaner air vehicles" even if there is no reduction in Highway Trust Fund dollars to the States?

Mr. HAVDAHL. No.

Senator BAUCUS. Thank you very much. I appreciate it.

We have to make a little adjustment on this next panel. Mr. Louis MacDonald, who is the Regional Administrator of the Federal Highway Administration, has to catch a plane, and these panels are running a little longer than we anticipated. So I wonder if Mr. MacDonald could join the others in Panel IV, who include Larry Johnson of the Grain Growers; George Paul of the Montana Farmers Union; Karen Davis, Women Involved in Farm Economics; and Darald Eastlick, President, Montana Grain Elevators Association.

Mr. MacDonald, since you have time constraints, why don't you go first?

STATEMENT OF LOUIS N. MacDONALD, REGIONAL ADMINISTRATOR, REGION 8, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. MACDONALD. Thank you very much, Senator Baucus. I am Louis MacDonald; I am Regional Administrator for Region 8 of the Federal Highway Administration. I am pleased to be here this afternoon to discuss the Federal-aid Highway Program and its future.

The national highway network and the Federal-aid Highway Program have contributed enormously to the economic growth and development of this Nation. This outstanding system of roadways is the major provider of surface transportation service for the United States. Americans enjoy a level of mobility virtually unmatched anywhere in the world.

The U.S. highway system so greatly influences the American way of life that its performance is a critical and continuing concern. Any significant deterioration in the system could impair its ability to provide the Nation with adequate highway transportation.

Since the beginning of the 20th century, public works programs to support the development of the Nation's highway system have been a shared responsibility of Federal, State, and local governments. The Federal responsibility has evolved from one of identifying national requirements for military and territorial access roads to today's role of working with the States in designating and providing financial assistance to an interconnected system of national purpose highways.

For more than 30 years the Interstate System has been the centerpiece of the Federally-assisted, State-administered Federal-aid Highway Program. Now, with that system nearing completion, im-

portant decisions must be made about the structure of future highway programs and the future role of the Federal-aid Highway Program. As the Nation moves into the 1990s, a number of challenges must be faced for our entire transportation system. The future of highway transportation will be shaped by the response to these challenges.

The Federal Highway Administration has been conducting numerous analyses over the past several months in an attempt to determine how to reshape and redirect the Federal-aid Highway Program to conform to a changing future. These efforts, which will provide the basis for the development of a legislative proposal, include an examination of the future role of the Federal Government with respect to highways.

As you might expect, many questions have arisen, such as: What is the proper role of the Federal Government in meeting national highway program objectives? What is the appropriate level of Federal assistance? How much can and will the States, local governments, and the private sector do on their own?

Certainly, in answering these questions we have developed a perspective about how the future national highway program might look. The direction the program should take is closely related to the National Transportation Policy, which is now being developed by the Department of Transportation during 1989.

The national outreach conducted by the Department of Transportation during the past few months into the many markets served by transportation provided the Department with a diversity of ideas about what our transportation needs are and many insights regarding solutions for the future. The participation by those concerned about this Nation's transportation system, including many with a concern for adequate transportation services in rural areas, has greatly assisted in the efforts to forge a policy that will meet tomorrow's challenges. In fact, this month the Department will publish a summary of the outreach effort.

The culmination of the National Transportation Policy development will occur in January, 1990. At that time the Secretary will release "A Statement of National Transportation Policy." This document will establish the policy foundations for transforming our transportation system to meet the needs of the 21st century.

Several broad themes will likely emerge from that document that will have direct implications for the future Federal-aid Highway Program.

It is clear that we must preserve our existing transportation infrastructure of national significance, make better use of what we have, and provide better connections between modes of transportation. For highway programs, we believe that the majority of our resources should be directed toward preservation of our highest order systems, those that serve interstate commerce and provide for the national defense, and to research and technology investments that will help ensure efficient and safe highway operations in the future.

We must also ensure that there is a sound financial base to support our transportation system, both to build and rehabilitate facilities to meet future needs. The Federal Government, in partnership with State and local governments and the private sector, must

see that the financial means are available to invest in America's future.

Estimates of highway and bridge needs on the Federal-aid Highway Program range from \$23.2 billion to \$26.8 billion per year to maintain our highway system at today's overall conditions. Needs will always exceed available revenues. The goal is to make the best use of available revenues by targeting funding to the most critical deficiencies. In general, from the Federal perspective this means an emphasis on highways and bridges that serve primarily interstate functions or support critical defense requirements.

Although it is clear that anticipated revenues from Federal and State sources coupled with private sector investment may not be sufficient to remove all highway and bridge deficiencies, they will be sufficient to address critical needs on the System of National Significance and allow selective rehabilitation or replacement of major bridges.

Innovation and new technological advances are at the center of public and private efforts to prepare for meeting tomorrow's transportation requirements. Although technology alone cannot solve our transportation problems, it can make a significant contribution in combination with sound management of capital and human resources. There is considerable potential for new forms of transportation or advances in today's technology to solve many of our transportation problems.

It is clear, Mr. Chairman, that the demand for mobility by the American people will continue to grow, and our highway and roadway systems will continue to play a significant role in providing for that mobility. Our Department will work closely with you and your committee to develop a national policy that considers the Nation's transportation needs, both rural and urban, and incorporates the appropriate role of highways in our transportation system. We also will work with you in preparing legislation that will reshape the Federal-aid Highway Program so it can respond more quickly and fully to increasing and changing demands. There is much to do before we complete all the details necessary for a comprehensive bill.

Transportation needs in urban and rural areas are different, indicative of the unique problems and opportunities available in each. In rural areas, for example, there are major concerns for access to keep the more isolated rural communities in social and economic contact with the rest of the country. There is concern with the replacement of aging bridges, mostly off-system low volume bridges, and maintaining pavement conditions on rural roads.

And there is concern for the special needs of highways on Federal lands. In many ways the issues and specific problems of rural and urban American seem to be separate, but in another respect they are the same: the need for safe, efficient, and reliable transportation options to provide access and ensure future mobility for a growing American population and changing economy.

That concludes my prepared remarks, Senator.

Senator BAUCUS. Thank you. Since you have to leave early, let me ask you some questions before we get to the other panelists.

First, I am curious as to what the Administration's current legislative timetable is. You mentioned that DOT is conducting a study and is going to come up with recommendations. Could you give us a clue here?

Mr. MACDONALD. From the highway transportation aspect of the national program, the Federal Highway Administration has been working concurrently with AASHTO in the development of legislative proposals. They are very much in an evolutionary mode, changing from day to day. But it is my understanding that Administrator Larson just recently submitted the Federal Highway Administration's recommendations in written form to the Department, and we expect that the Department will be preparing a DOT position and proposed legislation shortly after the National Transportation Policy is issued.

Senator BAUCUS. So about when will that be?

Mr. MACDONALD. Well, the policy will be issued in early January. If my information is correct, I would say that probably within a few weeks thereafter we should have something in fairly decent form.

Senator BAUCUS. Would you tell us what the major findings were with respect to rural transportation in DOT's recent series of outreach hearings?

Mr. MACDONALD. It's quite clear that about 45 percent of the Nation's transportation needs are related to rural America. There is no question that the Department recognizes that these needs need to be a part of the Federal program. The question becomes the nature of Federal involvement, the definition of Federal responsibility, and obviously, the proper solutions.

Senator BAUCUS. What were some of the specific matters, though, that were recognized? What were some of the specific rural needs?

Mr. MACDONALD. Well, there is a recognition that there are a lot of cities—we call them urban areas, but they are cities, 10,000 and over in population, relatively small cities—that presently aren't connected to the Interstate System and to freeway-type facilities. Part of the program recommendations prepared by the Federal Highway Administration include a program called Access America, which would be a special block of funds to provide access to the freeway systems from these cities of 10,000 population and slightly over that aren't presently connected.

Senator BAUCUS. Why 10,000 and over? We have a lot of communities that are under 10,000 population. That seems to discriminate against those communities that are less than 10,000.

Mr. MACDONALD. I guess it then becomes a matter of—

Senator BAUCUS. It doesn't sound like recognizing a rural need to me.

Mr. MACDONALD. Well, from the standpoints of Montana and the Dakotas and such, I certainly agree with you. I'm really not too sure of the derivation of that 10,000.

But I think the position in the Department at this point in time, which again is changing, is that there is a need to define the Federal role and responsibility, and it certainly recognizes that part of that role is to support the economies of rural America by providing reasonable access to agricultural areas and such. But I guess there is also a position that recognizes that the current Federal-aid High-

way System is very difficult to continue to accept as, really, a Federal responsibility.

Senator BAUCUS. Why is that? Why is the current system unacceptable?

Mr. MACDONALD. Well, I think that maybe "unacceptable" is the wrong word. I guess it's a broader system than the current thinking believes the Federal role should be. Now, there is certainly a recognition that there is a resource allocation responsibility that the Federal Government has, and part of that responsibility is to recognize the need for transportation dollars in rural areas.

So I think it's a matter of what the split is between what we look at as the direct Federal role, and what we look at as more of a secondary role when we're talking about a more flexible program that would provide funds with fewer Federal strings. The real question at this time, though, is, with the limited funds, what would be the appropriate split? I don't think that question has been answered.

Senator BAUCUS. Do you recognize the additional burden that the current allocation formula has on States like ours, where we have to raise our gasoline taxes more to pay for highway construction and resurfacing and maintenance and so forth, than do more populous States? Do you recognize that?

Mr. MACDONALD. Well, I certainly recognize, and I believe the Department recognizes, that the position of the rural States certainly has validity.

Senator BAUCUS. Why do you suppose Montana has a higher gasoline tax than, say, New York or California?

Mr. MACDONALD. Well, it's pretty apparent around the country that most highway revenues—I think it's in the neighborhood of 85 percent of all highway revenues—are derived from highway user fees. In areas where you have more highways per capita, and a user fee is the principal source, that's the only logical outcome, that to maintain the same level they are going to have to provide more at the local and State level in user fees. Whether that's equitable is an open question, but it is certainly understandable why it is like it is.

Senator BAUCUS. Don't you think it's fair for States like Montana to say that there should be more than a two-for-one dollar match?

Mr. MACDONALD. That puts me in an awkward position. My regional responsibility includes North and South Dakota, Montana, Wyoming, Utah, and Colorado. I recognize the needs and the problems, and we're doing our very best to stretch the dollars that are presently available to us to meet those needs.

The position of the Department—what that ultimately turns out to be, I am really not in a position to say because I don't know.

Senator BAUCUS. What about the "bridge" concept that we've discussed here? Does the Department recognize the validity of that point?

Mr. MACDONALD. I think it is obvious that that concept is recognized, and I believe that's one of the basic principles that led to the current allocation formulas that provide more money to some of the States than they contribute to the Trust Fund.

Senator BAUCUS. As I understand it, the needs report says that we need to invest \$25 billion to \$29 billion a year just to maintain the conditions at 1985 levels of service. Shouldn't we be spending

more as a consequence of that needs report rather than cutting back?

Mr. MACDONALD. I don't think there's any question but that there is a recognition in the Department, in the private sector, and in the highway departments, that there is a need for more dollar resources. The question becomes, what is the Federal responsibility for providing those resources? At this point in time I know that Secretary Skinner believes that there should be more innovation in financing, there should be more of a role for the private sector, and that there probably should be more recognition that toll facilities are going to have to be part of future programs, and also a recognition that users need to pay more of their fair share. I think there are some questions related to this.

Senator BAUCUS. How do we encourage more toll facilities in, say, the wealthier parts of the country? As I understand it, in Orange County, there is a \$2 billion, 17-mile toll facility that is either being constructed or has been completed. That's 17 miles, at a cost of \$2 billion, and yet it is paid for on a toll basis. How do we encourage more of that so that the local users are paying for what they are constructing?

We obviously can't afford that in our State.

Mr. MACDONALD. I don't know the answer myself, but it is obvious to me that the people who are producing the dollar resources, particularly if they are from private sources, certainly recognize that there is a return to be had, and they feel it's a good investment. I guess that's as good an answer as I can give you.

Senator BAUCUS. What advice do you have for us in rural States to make sure that we don't come out with the short end of the stick here?

Mr. MACDONALD. From my personal perspective, I think that the rural States now are doing an excellent job of making their point, and in making their point to the right people in the right places. I guess I would suggest to the people in the States in this part of the country that they continue doing exactly the same things they are doing right now, because it looks to me like the proposals and such that are being considered are changing as more input from groups like the WASHTO States is being heard.

Senator BAUCUS. You said they are changing. I was going to say, I hope they continue to change in the right direction.

Mr. MACDONALD. It's pretty apparent to me that the proposals that we were discussing as possibilities six months ago are substantially different from the proposals we're hearing now. As I say, the process is still continuing, and I am certainly expecting that there will be many changes between now and early next year, when the Administration's package does take final shape.

Senator BAUCUS. Well, I invited the Secretary to come to Montana. He did say he would come to Montana, so I encourage you to go back and encourage him to come a little more quickly. Could you do that?

Mr. MACDONALD. I'd like to see him out here myself.

Senator BAUCUS. Good. We will join in common cause to make that happen.

I know you have a plane to catch, so feel free—do you have a few more minutes yet?

Mr. MACDONALD. I need to be going. No more than five minutes or I'm going to be stranded.

Senator BAUCUS. Well, so that you are not stranded, you had better go. I appreciate your coming very much, Mr. MacDonald.

Mr. MACDONALD. Thank you very much. I appreciate your having me out here.

Senator BAUCUS. Thank you.

Larry, you're next.

STATEMENT OF LARRY JOHNSON, PRESIDENT, MONTANA GRAIN GROWERS ASSOCIATION

Mr. JOHNSON. Senator Baucus, for the record my name is Larry Johnson. I am a wheat and barley producer from Kremlin, Montana. I am also President of the Montana Grain Growers Association, a commodity organization representing wheat and barley growers in our State.

We are concerned that proposed changes to the Federal highway funding formulas would reduce the total amount of funding available to States like Montana. Current levels of funding are not providing Montanans with a safe highway system, and reductions would be disastrous.

Our industry relies heavily on a sound transportation system. Montana is an exporter. Almost all of our agricultural products are processed and consumed out-of-State. Most of our wheat and barley goes into Pacific Northwest export markets. The rest is shipped to domestic markets here in the U.S.

While much of our grains moving out of State go by rail, we depend heavily on our highway system to move our grains from our farms to grain terminals here in Montana and, to a lesser extent, to out-of-State terminals on the Columbia/Snake River system.

We are proud of our contribution to the development of export markets, but to maintain and expand those market we must have a safe and reliable system of highways to keep our grains moving into those markets.

It is obvious when one travels our State highways that we cannot afford to spend less on our highway system. Our roads are outdated and in need of repair. Half of our secondary highways are only gravel-surfaced. In addition, farmers are required to haul their products longer distances. Grain companies have closed many of their local elevators and are trending toward larger unit train terminals. Ten years ago there were over 300 elevators buying grain in Montana; today there are about 170. That trend will continue and farmers will have to haul their grains farther and farther.

We are also dependent on our highway system to deliver the inputs we use in our farming operations. Fertilizer, chemicals, equipment, and other inputs must be delivered to and distributed within our State. If our highway system is not maintained we will be faced with even higher transportation charges for those inputs.

As farmers, we are also concerned about the quality of life in rural Montana. We have become a very mobile society. In addition to our business ventures, we also rely on our system of highways for other activities. We are dependent on our roads for medical,

educational, social, and recreational activities. Many rural Montanans travel 20 to 30 miles to their church, 30 to 40 miles to schools, and even farther for medical services and shopping. We need safe highways to take part in these activities.

Montana also has wide-open spaces and natural beauty that we can offer our cousins in the heavily-populated urban centers. We feel it is extremely important that we provide access to these less fortunate folks to our State and the two National Parks we have.

We cannot spend less on our highways. Since most would question whether Montana currently has an adequate highway system, spending less to build and maintain highways is not an option. If Federal funds are reduced, more of the cost would have to be picked up by State and local funding. Considering that Montana's fuel tax at 20 cents per gallon is among the highest in the Nation, that does not seem to be a viable alternative.

While Montana is vast and our population sparse, we are an important bridge to this Nation. Airlines, high-tech commuter trains, subways, and other more efficient means of transportation are not feasible in Montana, so we must continue to rely on a system of highways to remain an important economic and social part of this country. We urge you to at least maintain Montana's current share of Federal highway funding.

Thank you, Senator, and we would like to thank you for bringing this hearing to an area of Montana that would be adversely affected.

Senator BAUCUS. Thank you, Larry.
George.

STATEMENT OF GEORGE PAUL, EXECUTIVE DIRECTOR, MONTANA FARMERS UNION

Mr. PAUL. Senator Baucus, ladies and gentlemen, for the record my name is George Paul. I am the Executive Director of Montana Farmers Union and am speaking in that capacity today. Montana Farmers Union is comprised of nearly 4,000 memberships, including farmers and ranchers, agriculture-related businesses, and other rural residents. It is on their behalf that this testimony is offered.

Before I address the subject for which we have gathered today, I want to acknowledge the ongoing contribution of Senator Baucus toward Montana's transportation situation. In particular I want to cite your tenacious efforts in securing Essential Air Service for Montana. Our State's vast expanses and low population count perplex decision-makers within the D.C. Beltway. The numbers don't seem to justify the need. Your tenacity in illuminating that debate to a positive conclusion for Montanans does not go unnoticed and is greatly appreciated.

It is in that light that Montana Farmers Union pledges support for your efforts in this new debate regarding our highway system. We know you understand the importance of transportation to Montana; that the air, rail, and highway systems collectively form the mosaic that is our transportation infrastructure on which our economic and social vitality depend, and that each piece of that mosaic is no less important than the others. Indeed, each piece is necessary to make the picture complete.

Highways here are essential to move not only our farmer goods to market, but also move our good farmers as well. And though our rural residents may number fewer, our needs for safe, dependable roadways are no less significant than those of our urban counterparts.

But rather than focus on the importance of Montana roads to Montanans, which is perhaps a justification not germane to the question of Federal funding in the minds of those previously-mentioned Beltway bureaucrats, let me bring into perspective the importance of Montana highways to the rest of the Nation, and indeed, North America.

The Montana Department of Highways White Paper on Montana's Highway Systems and Future Federal Funding correctly articulated Montana's status as a "bridge" State, explaining that "much of the traffic on our roads is destined for points beyond Montana." We think of this traditionally in the east-west movement of both Oriental imports and American-produced goods between our Pacific north coast ports and the midwestern and eastern regions of the United States.

But often forgotten are the north-south movements which take place on both an inter- and intra-regional basis between Canada, California, and even Mexico. For example, we could easily cite statistics of California produce, fruits, and vegetables alike, which move regularly and constantly through Montana to Canadian consumers. Canada likewise originates southbound movements of agricultural and other goods and services through Montana to eager American consumers.

Montana is not so much a bridge as a crossroads, an intersection through which international goods pass to consumers of several countries.

These movements represent countless millions of road-use miles within Montana's borders. But more direct to the question of Federal funding, these movements also represent the use of billions of gallons of fuel purchased outside of Montana, purchased and taxed elsewhere but used here inside Montana, on these roads. This is where the rubber meets the road, where the wear and tear and pounding and deterioration of roads and bridges takes place, in this place, at this intersection.

Roads within Montana benefit Americans other than Montanans. In fact, Montana's share of that benefit is, like our population, statistically small when compared to the benefit share enjoyed by the rest of the Nation. I used the word "small," not "insignificant."

Is it wrong that we expect the greater beneficiaries of this highway system, the people outside of Montana, to share in the funding? I think not.

If our national highway program is suffering from a lack of funds, then that question most definitely needs to be addressed. If the program funding mechanism needs to be revamped, then let that discussion begin. But robbing Peter to pay Paul is never smart nor justified nor right.

The more populous urban States must recognize that taking funds from rural States will not only weaken further the rural highway system, but also will not correctly cure the urban highway plight.

If we as a Nation are to take time to fix this system, let's take the time to fix it right.

Montana Farmers Union thanks you all for your time today.

Senator BAUCUS. Thank you, George.

Karen.

STATEMENT OF KAREN DAVIS, WOMEN INVOLVED IN FARM ECONOMICS (WIFE)

Ms. DAVIS. My name is Karen Davis, and I represent WIFE, Women Involved in Farm Economics. Our Chairman, Mary Nielsen, is unable to be here today as she is attending our national convention, but she asked that I thank you for coming to this State to hold this hearing. If you know Mary, you know her shoes are hard to fill.

WIFE has long supported a balanced transportation system, but we are aware that the entire transportation infrastructure of this country is in need of examination and consideration. We were pleased to be able to present our views to Transportation Secretary Skinner in South Dakota at a rural transportation hearing.

We are seriously concerned about the condition of the roads in all of the rural States and the effect on the safety of those who use them. Along with the Department of Highways in Montana, we feel that all areas should have convenient access to a good, basic two-lane highway with solid, wide shoulders. In this State as well as many other predominantly rural States, this is a vital need. Such roads can be effective in preventing accidents, especially where weather conditions make safe driving difficult for many months of the year.

The possibility of cutbacks in Federal funding to a State where there about 10 people for every mile of public road, and the condition of the roads and bridges, make for a grim scenario. We need to have access to safe roads, as does every other citizen, urban or rural.

Of major concern to Montana are adequate roads leading to the Canadian border. Inadequate, narrow, and therefore dangerous roads are a deterrent to international commerce and tourism. There should be good, two-lane highways leading to all of our ports of entry.

We have always protested the concept of subterminals for loading unit trains in spite of the increased efficiency for the railroads. Centralized loading points for bulk shipments have affected many areas of the State. A good example of the efficiency of keeping traffic off of the roads and on the rails is the Central Montana Railroad, which is operating efficiently, and the roads have not deteriorated to the extent that they would have had the line been closed down.

I am from Geraldine, which is where CMR is. I brought some figures just because I thought they were interesting.

Central Montana Railroad started in 1985, although we only hauled out 22 cars on the rails that year, but in the years since we have moved 4,346 cars. That includes cars with fertilizer coming in and grain going out. I think it has been a great benefit to our roads in that area to have this traffic on the railroad.

The Montana Department of Highways has suggested a flexible program which will allow the Federal and State funds to meet the State's most pressing highway needs in a sensible and cost-effective way. The Department is to be commended. It is a worthwhile goal, although we question whether it is a realistic one. Unfortunately, the predominance of legislators, both at the Federal and State level, are from urban areas and it is unrealistic to believe that these people will not strive to get funding for their particular problems.

The situation in AASHTO precipitated concerted efforts by the western and rural States to defeat the proposal for the redistribution of highway funds, with more going to the congested areas. Montanans are already paying the highest State fuel taxes in the Nation. Surely a more equitable way for the more populous States to get increased funding for their roads would be for these States to follow our lead and increase their own fuel taxes.

Again, we are thankful that you are on the Senate Environment and Public Works Committee so that you can bring the concerns of the rural States to Washington, Senator.

Senator BAUCUS. Thank you.

Darald.

STATEMENT OF DARALD EASTLICK, PRESIDENT, MONTANA GRAIN ELEVATORS ASSOCIATION

Mr. EASTLICK. My name is Darald Eastlick. I am President of the Montana Grain Elevators Association, as well as President of the Eastlick Corporation of Billings. Incidentally, we not only have a grain elevator, but we also run trucks.

First off, the Montana Grain Elevators Association definitely opposes any cut whatsoever in Montana's funds from the Federal level. As BN takes out its branch lines and other railroads load on unit trains, we have to truck the grain over these secondary roads farther than we had to before. Small elevators, such as mine, cannot load unit trains and have to rely on truck transportation to get the grain to market. The markets are mostly the Pacific Northwest, as well as California. There's quite a bit going to California and Arizona, and the roads going north-south and east-west need to be good.

We feel any cut in Federal funding would be disastrous to Montana's road system. We had a lot of problems a few years ago; we raised our gasoline fuel taxes considerably, and this has helped our road system. If we were to get a cut, then we would be right back to the same thing again. The roads would be deteriorating—which they are anyway—but it did help. We need this funding.

Any State like Montana, which has been talked about all through the panels as a "bridge" State—as Mr. Paul said, we are more of a crossroads because the transportation goes both ways. It goes north-south; a lot of produce is trucked into Canada. The fuel taxes alone from Montana will not build these roads. A State that has oil and agriculture makes for sparse population, and you can't tax the people enough to keep the road system up.

The Grain Elevators Association also promotes the use of ethanol. It uses grain. You can use off-grade grain. It does help. As long

any perks they give the people that make this ethanol do not detract from the Federal funds, we are very much in favor of it.

The business people of Montana do appreciate this chance that you gave us, Mr. Baucus, to tell our side of this story.

Senator BAUCUS. I appreciate it.

You all heard an earlier witness, Mr. Olson of the Montana Contractors Association, and some other panelists in their concern about the waiver for gasohol. I wonder if any of you on the panel could address that point of his?

Mr. JOHNSON. Senator, I listened to those concerns. I had to kind of chuckle a little bit in the back of my mind.

We have a terrible environmental problem in this country. We are involved in every single industry, and especially in agriculture right now due to some of the happenings during the course of the last year—in the Montana Grain Growers Association now we are spending 60 to 70 percent of our time on Federal environmental legislation that is coming down the pipe. Because of people from urban areas making demands of their Senators, because of the Alar scare, there is concern about the food safety network in this country.

I think any trip on a plane to any major city—and you can include Missoula and Billings in our great State—you walk out, and we have a terrible pollution problem in this country. You go into Los Angeles, on many days you can't see a mile in that town for the pollution problem. Some of the States that have already passed ethanol problems, such as the Denver area, have made it mandatory.

The pollution problem is not going to go away. We're going to have to take a proactive stance in working to solve that problem.

We strongly support the use of ethanol because I think it's a way that we can "help ourselves help ourselves," so to speak. It replaces some of the dependence on foreign oil that we have. Those same contractors, if it came down to where there wasn't enough money—which isn't the case in this situation; we're not getting discriminated because we're burning it—but if it ever came to that point, there would be ethanol plants built. I am sure that Sletten Construction would be more than happy to bid on a construction process to put an ethanol plant up.

I think we have to look at both sides of this issue. We in agriculture are also polluters. We burn a tremendous amount of fossil fuels, so we are also obligated to take part in this process. The wind blows, we have a big State and it doesn't show up here, but even in our sparsely-populated States we have prime examples of it.

Senator BAUCUS. I appreciate it.

Does anyone else want to comment on that?

Mr. PAUL. Well, if I understood Mr. Olson's remarks, I can appreciate and sympathize with him to some degree because when the tax rates went up—eight or ten years ago, it seems like now—in Montana, when we used wheat and barley check-off dollars to help the ethanol industry get going in the State—when all of that process started there was a great concern that it was going to reduce highway funds. In that regard I can appreciate what he's saying;

they don't want to be doing something at this time to reduce those dollars when we need more than they actually have to work with.

On the other hand, I think what Larry says is correct, that the greater issue, if you will, this one of air quality, is important. Ethanol clearly provides a way out of this, a way out of the pollution problem. To think that we would stifle the role of the ethanol industry because we are concerned that it is going to take dollars away from the Federal Highway System—that should be an argument that gets “decoupled,” if you will, or disjointed. They should separate that.

Senator BAUCUS. Just for the record, could you document how much more Montana farmers have to travel on highways because of the abandonment of rail lines and some of the spurs in Montana? Can you just kind of flesh that out a little more, how that has added more burden to the highway system?

Mr. PAUL. An easy approach might be that in the State of Montana, a couple of years ago—Darald, you could probably answer this one better—there were upwards of 400 elevators located across Montana at one time. Now we're down to what, basically, 150?

Mr. EASTLICK. Well, maybe 170. I think there are 150 in the Montana Grain Elevators Association.

Senator BAUCUS. So it's down from 400 to about 150 or so?

Mr. PAUL. Yes. The number of elevators has been cut by more than half, and that has caused us an awful lot of extra road miles. People are hauling farther to the elevators to get access to them. And also, with the beginnings of the unit train concept, they may actually be going beyond some of their closer elevators to get to the ones to get the better rates.

Senator BAUCUS. I know others have worked on this, could you document that a bit more so that I have that on the record?

Mr. JOHNSON. Senator Baucus, I will respond to that question.

We did an informal poll on our Board. This was done over a year ago, and it was not particularly concerning transportation issues. It was done more as a poll to see how far our average Board member—we're splitting districts and they are scattered all over the State—but basically here, our average guy is now hauling upwards of 45 miles one way to get to a market. Prior to that time the average of them were hauling a little less than 15 miles, if you went back 10 years.

Senator BAUCUS. Ten years? Ten years ago it was about 15, a little less than 15?

Mr. JOHNSON. Right. So it has practically tripled, and all of that has come at the expense of secondary roads.

Senator BAUCUS. Right, not on the System of National Significance.

Mr. JOHNSON. One other thing, the trucking industry hauls a huge portion of Montana's agricultural products. Those people in that industry really get unjustly treated, I think, because so many of their miles are traveled on gravel roads. They are paying a Federal and a State tax for which most people get the privilege of driving on a highway, and they get the privilege of spending half of their time picking grain up off our farm and driving on a gravel road and getting the wear and tear on the truck and the wear on

the tires, which last about a third as long. I think that's a valid point that should be brought out.

Senator BAUCUS. That's a good point, too. I appreciate that.

Does anyone have anything else they want to add? You have heard the other witnesses this afternoon. Did anybody say anything that you think deserves a comment?

Mr. PAUL. I would like to mention one thing that you had brought up earlier. When you asked the question about why we aren't on the offense—this is dangerous to say; hopefully we are all amongst friends—but if there is a flaw in the Montana character, it is somehow that we manage to settle for the status quo. Somebody somewhere in the State, maybe in Butte or somewhere, says, "Well, gee, the Interstate System in Montana is complete," and everybody goes, "Yes, I guess that's right, it's complete." Whatever happened to Highway 200? It's not only a safety problem, but it's a general embarrassment.

We fly back and forth between Great Falls and D.C.; well, some of us have even driven back and forth between Great Falls and D.C. You come all across this country and you have wonderful roads, comparatively speaking—maybe "wonderful roads" is a relative thing—but you travel through all those numerous States, and it's a wonderful thing to do. You can drive it in two and a half days, piece of cake, no problem. And as soon as you cross North Dakota and hit that Montana border, as someone who was born and raised here, your heart sinks. We have basically nothing more than a paved-over wagon trail. It's supposed to be one of the major thoroughfares to come through the State of Montana. The truck traffic—ask Ben—good Lord, the trucking industry used Highway 200 for so many years and would still like to use it, it's still the most direct route, it still makes a lot of sense. And yet, it is the most dangerous, narrow piece of wagon trail you ever saw. Yet we're sitting around saying, "Yes, I guess the system is completed in Montana," and it seems that all we want to fight for is to maintain what we have when the focus should probably be on some growth.

Someday I think we'll look back and if we see one major factor that has really held Montana in the loss of economic development, it is still going to come down to that one word, transportation.

Senator BAUCUS. Yes, that's critical.

Mr. JOHNSON. I would like to make one closing comment, Senator. On the way down today I took 236 from Big Sandy; that is basically gravel. I counted the cars coming down. I met 15 outfits coming across; 8 of them had out-of-State licenses with hunter orange on.

I live right on U.S. 2, and in the summertime every other car is an out-of-State car. We need to look for some political allies amongst those folks and groups out there that love to come and visit our State, and we love to have them. But we need to look to some of those folks, too, for support on this issue.

Senator BAUCUS. That's a very good point. That's an excellent point.

Thank you all very much. I appreciate it.

Our final panel includes Mr. Thomas Rubel, Assistant to the Administrator, Office of Transportation, USDA; Thomas Collinsworth,

Special Assistant for Transportation Engineering for the Military Traffic Management Command, Department of Defense; and Mr. Norris Cole, Assistant Area Director of the Bureau of Indian Affairs for the U.S. Department of the Interior.

You all get the "patience award."

We have USDA, DOD, and Department of the Interior.

STATEMENT OF THOMAS C. RUBEL, ASSISTANT TO THE ADMINISTRATOR, OFFICE OF TRANSPORTATION, U.S. DEPARTMENT OF AGRICULTURE

Mr. RUBEL. Thank you, Senator. I am Tom Rubel of the Office of Transportation at USDA. I will try to sum all this up in very short order.

I feel a little bit as if I'm reaffirming everything that has been said so far today because we've done a lot of work in this area with local people all over the country, and I'm hearing it one more time in Montana.

I was also privileged, by the way, to sit on the Rural Cluster Group at the Department of Transportation as they held their hearings around the country, and again, a very similar line of testimony.

Over the last 10 years, USDA's Office of Transportation has completed several studies addressing rural infrastructure and service concerns. These studies focused on both freight and passenger mobility.

The demands on the system serving agriculture and rural communities are changing. The system provides for direct and immediate access to basic commodities, and access to jobs and services, such as shopping, medical care, and education, located tens—and sometimes hundreds—of miles away. Changes in the system have taken place, and people assume their mobility needs will be met. Significant public investment has been made, particularly in the Interstate Highway System, which has led to impressive improvements in mobility and transport efficiency for the Nation.

Deregulation of the transportation industries of rail, air, truck, and bus has generally improved service and reduced fares as a whole, but the system is having a varying impact on rural residents and farmers and businesses in rural communities.

For example, rural communities have been especially affected by the abandonment of light density railroad branch lines, which has been referred to, for freight movement and by the loss of intercity passenger service. Today, most rural communities are dependent on roads for access and are increasingly reliant on commercial trucking for the movement of freight.

Since roads serve as the foundation of the rural transportation system, we have worked with a number of agencies and organizations to learn more about rural roads and bridges throughout the country. Our focus has been on roadways that serve as access to land, farms, processing plants, shipping and receiving points, centers of employment and needed services rather than the Interstate Highway System.

About three-fourths of all counties in the U.S. are considered to be non-metropolitan, and only 31 percent have an Interstate highway running through them.

Including Interstate highways, however, about 81 percent of the Nation's total highway mileage is classified as rural. Since very little information existed on the rural road system, we completed a series of studies focusing on the condition, finance, and administration of rural roads and bridges. I would like to just briefly—and I do mean briefly—summarize the results of our study, looking at the system size, who is responsible for it, and the current condition.

The rural road network is large, and serves low volumes of traffic. Highway statistics published by the Federal Highway Administration indicate that of 3.9 million miles of highways, 3.2 million miles are rural. Of this 3.2 million miles, only 8 percent is Interstate and 92 percent is collector or local roads.

On these local roads there are about 470,000 inventoried bridges which are 20 feet or greater in length. Rural bridges like rural road mileage, therefore, account for about 81 percent of the national total, and we suspect that there are hundreds, if not thousands, of rural bridges under 20 feet in length that are not taken into account by the National Bridge Inventory.

The rural road network is almost entirely the responsibility of local and State levels of government. Nationally, about 71 percent of the rural mileage is under local control and 22 percent is under State control, but it varies considerably by State. At the local level, responsibility is divided among counties, towns, and townships.

Since a majority of the rural system is not on the Federal-aid system, little national data exists to describe the condition. Through our research we have learned that local officials believe that much of the mileage is not in good condition. County highway officials report that nearly 38 percent of the local road mileage has limited failures and is barely adequate for present travel demands, or worse. And although the road problems are significant, the bridge conditions are of special concern. Based upon data in the National Bridge Inventory, 48 percent of the rural bridges 20 feet or greater in length under county responsibility were found to barely meet minimum tolerable limits to be left in place, and 57 percent of bridges maintained by towns and townships were rated as being less than barely adequate.

We believe that in this research three major issues have surfaced regarding rural roads and bridges. They are financing, linkage to economic development, and safety.

In 1987, counties, towns, and townships were responsible for 56 percent of the Nation's highway mileage, most of which is rural, but spent only 18 percent of highway funds. In contrast, States and municipalities were responsible for 39 percent of the mileage and spent 81 percent of the funds. Local governments financed roads and bridges using several revenue sources, including local revenues, State highway aid, and receipts from States through the Federal-aid Highway Program. Reliance on aid from Federal and State governments, however, declined from 49 percent in 1977 to 35 percent in 1986, and towns and townships were especially affected by the loss of General Revenue Sharing at the end of 1986, since 84

percent reported having used these funds for rural roads and bridges.

Currently, only 20 percent of the rural road network is eligible for Federal financing from the Highway Trust fund. In light of this, county officials reported that the annual average cost of maintaining a mile of road ranges from \$1,890 per mile for loose aggregate roads to \$5,109 per mile of concrete or paved roads. Data gathered from county engineers in four midwestern States indicated that the cost of making rural bridge improvements was nearly \$96,000 per bridge.

The demands on the local road networks are changing. Much of it provides for direct and immediate access to commodities, but in recent years the rural economy has diversified beyond its traditional agricultural base, with rural people traveling to jobs off the farm. Since 1960, off-farm income has accounted for 40 to 55 percent of the net farm incomes of farm households.

Rather than viewing transportation as an end in and of itself, the role of rural roads and bridges in accommodating and facilitating economic growth increasingly is gaining recognition.

To touch quickly on safety, national accident statistics indicate that there is a major problem with fatalities on rural roads and bridges. About one-third of all fatal and nonfatal traffic accidents occur on rural roads, accounting for over half of all traffic fatalities.

Local highway officials report that serious safety problems exist because local governments cannot afford to maintain, rehabilitate, or replace roads and bridges due to the lack of funds. Much of the problem relates to the fact that design guides and standards initially recommended for low-volume roads and bridges have had to conform to design guides and standards initially recommended for high-speed, high-volume situations.

In looking to the future, improving the Nation's rural road network increases the desirability of rural areas as places to live and conduct business and relieves the pressure caused by increased concentration of people in metropolitan areas.

The future Federal role is being considered in the Administration's ongoing deliberations over the upcoming highway reauthorization legislation. In the meantime, State and local governments are utilizing a number of options, which include reducing the number of rural road miles and bridges; reducing maintenance costs; alternative revenue sources; and improved efficiencies and better planning.

In summary, we found that rural road and bridge problems facing the Nation are not isolated to particular types of communities or regions of the country. They are pervasive, affecting the entire Nation's growth, prosperity, and competitive position. Furthermore, the transportation problems facing rural America are not neatly compartmentalized along modal lines, political boundaries, or levels of government. Likewise, they are not limited to the private or public sector.

It is our opinion that the solutions to rural road and bridge problems and to other rural transportation problems are to be found through greater cooperation and planning between the public and private sectors and across the modes.

Thank you.

Senator BAUCUS. Thank you very much, Tom. Norris.

**STATEMENT OF NORRIS COLE, ASSISTANT AREA DIRECTOR,
BUREAU OF INDIAN AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR**

Mr. COLE. Just for the record, my name is Norris Cole. I am Assistant Area Director, Billings Area Office in Billings.

Senator Baucus, I appreciate this opportunity to appear before you today to discuss the reauthorization of the Federal-aid Highway Program, established pursuant to the Surface Transportation and Uniform Relocation Assistance Act of 1987.

Before presenting my testimony, Senator, I should point out that neither the Department nor the Administration has taken an official position on the reauthorization of this program. The Administration's position will be influenced by the National Transportation Policy now being developed by the Department of Transportation. Therefore, my testimony will be of an informational nature.

The Division of Transportation of the Bureau of Indian Affairs is responsible for management and coordination of transportation programs serving Indian reservations. The Division has direct responsibility for 21,000 miles of public roads that the Bureau of Indian Affairs maintains, and for the construction and reconstruction of these roads.

The Bureau of Indian Affairs coordinates this program with those of States and counties. We have another 28,000 miles of Indian public roads, and with non-road Indian transportation programs. The non-road programs include bus transit systems, driver education in the schools, enforcement of traffic codes, impaired driver programs, accident reporting and statistics, airport construction and maintenance, railroad short lines and spurs, low-volume road research, and technology implementation.

Coordination of Bureau of Indian Affairs programs with other transportation programs is accomplished through participation in industry and professional organizations, advice and technical assistance to Indian tribal governments, intergovernmental agreements, and policy recommendations to the Office of the Secretary of the Interior.

The Bureau of Indian Affairs is committed to providing safe and accessible roads on Indian lands to aid in the educational, social, and economic development of Indians. Funding is provided through annual appropriations for road maintenance and road sealing. Approximately \$30 million was requested to support these activities in fiscal year 1990. In addition, \$80 million in contract authority is provided through the Highway Trust Fund of the Federal-aid Highway Program for road construction.

The Billings Area of the Bureau of Indian Affairs is responsible for over 2,000 miles of public roads on seven Indian reservations. Six of these reservations are east of the Continental Divide in Montana, and one is in Wyoming. These roads serve approximately 32,000 Native Americans living in rural Montana and Wyoming.

The Billings Area Office's road system is comprised of 350 miles of gravel surface, 520 miles of bituminous pavement, and well over 1,000 miles that are still earth roads. The States have responsibility for 821 miles and counties are responsible for 3,093 miles within these reservation boundaries. These reservations contain nearly 6.5 million acres of trust lands alone.

The Billings Area has received funding of approximately \$6 million annually for road construction since the enactment of the Surface Transportation Assistance Act of 1987. In addition, approximately \$700,000 has been expended per year on "chip and seal" maintenance of paved roads for the past three years. This work provided approximately 55 man-years of employment on Indian reservations during fiscal year 1989. This area has approximately 800 miles of substandard rural roads.

In closing, transportation is vital to the economic and social life of all Montana. Roads on Indian reservations are the lifelines that make the habitable in this century.

Senator Baucus, thank you for the opportunity to provide testimony at this hearing today.

I will be pleased to respond to your questions.

Senator BAUCUS. Thank you very much, Norris.

Tom, you're next and you're last.

STATEMENT OF THOMAS D. COLLINSWORTH, SPECIAL ASSISTANT FOR TRANSPORTATION ENGINEERING, MILITARY TRAFFIC MANAGEMENT COMMAND, U.S. DEPARTMENT OF DEFENSE

Mr. COLLINSWORTH. As the last person, I assure you I will be briefer than the people before me, probably.

Senator Baucus, it is a pleasure to be here today. I am Thomas D. Collinsworth, Special Assistant for Transportation Engineering for the Military Traffic Management Command. The Military Traffic Management Command is the Department of Defense executive agency for all public highway matters affecting Defense highway needs. As such, we have been evaluating for some time our long-term needs for highways. I appreciate the opportunity to be with you today to address the committee about Defense's future public highway needs as they relate to the reauthorization of the Surface Transportation Assistance Act.

We have provided our report, which comprises the bulk of our testimony, "Defense Highway Needs," so I will certainly summarize from that.

We believe the work of the committee in the next few months promises to be as important to guiding the future course of the highway program in this country as the authorization of the Interstate System in the mid-1950s.

Future emphasis must certainly turn to such issues as protecting the current system from further deterioration; dealing with additional rural needs; and addressing congestion. It is of paramount importance that national transportation policy and programs reflect Defense requirements and that future highway legislation incorporate Defense transportation objectives.

An important consideration for initiating the Federal-aid Highway System was to address the needs of national defense. There-

fore, in light of the completion of the Interstate System and the need for new highway legislation, it is appropriate that Defense needs again be an integral part of the future highway program.

The Department of Defense is heavily dependent on the transportation infrastructure to satisfy strategic, tactical, economic, and industrial requirements essential to ensure the continued security of the Nation. Highway movement is the critical cornerstone of all Defense transportation. In the event of overseas deployment, millions of tons of equipment and supplies will be moved by highways from Defense installations to ocean ports and airports of embarkation.

Recognizing that the expiration of the present Federal-aid highway legislation requires the establishment of national goals and requirements, we have identified these future requirements. As I said, they are in our report, which has been submitted for the record. The report was recently forwarded by the Secretary of Defense to the Secretary of Transportation for consideration in establishment of national transportation policy, as well as development of a future highway program.

Defense highway requirements in our report are identified in three broad categories: infrastructure, operational, and planning. Many of the recommendations are not new, but they are certainly more important than ever because of the current need to move military personnel and materiel rapidly throughout the world during crisis situations or wartime deployment operations. Our report makes recommendations on the role of Federal and State highway authorities and military transportation managers in implementing these initiatives.

By far, the most important Defense requirement is to ensure that designated Defense-important highways are maintained and/or upgraded to meet Defense emergency requirements. The system of Defense-important highway routes is called the "Strategic Highway Corridor Network," or "STRAHNET." STRAHNET is an interconnected highway network that satisfies Defense strategic highway needs. The system consists of the Interstate System and other strategically-important but lesser quality highways. STRAHNET, along with connector routes which provide service between STRAHNET and important Defense installations, encompass the total Defense highway infrastructure requirements.

In preparation for the highway legislation reauthorization process we recently updated STRAHNET and connectors. STRAHNET now consists of 60,000 miles and was updated based on Defense peacetime and wartime movement requirements. In addition to the 43,500-mile Interstate System, 16,500 miles of non-Interstate routes have been identified where limited access capability is desirable. Additionally, we have identified approximately 7,000 miles of connector routes.

Many transportation organizations and agencies have been discussing the merits of identifying a Highway System of National Significance, as we have heard here today. We believe it is appropriate that STRAHNET and connector routes be included in this system.

We are also concerned about the age of many of the bridge structures on the Interstate System and other parts of STRAHNET. We

are particularly concerned about bridge capabilities, and future programs should ensure that deficient structures receive improvement priority.

When we think about operational and planning requirements for Defense use of public highways, many things come to mind such as highway permits, traffic congestion, emergency use, intermodalism, and network analysis capabilities.

Uniformity of size and weight regulations, permit procedures, and permit limits generally do not exist among various State highway departments. This complicates the movement of military and Defense-related oversize and overweight vehicles, particularly on Interstates. With oversight from the Federal Government, States should be encouraged to develop uniform highway permit operating procedures for like highway routes or systems. Blanket permits could be considered for Defense routine oversize-overweight moves.

Congestion and safety problems exist in virtually every metropolitan area of the country. Congested metropolitan areas could adversely impact the expeditious movement of Defense personnel and equipment in an emergency. Multiple initiatives should be pursued to relieve urban gridlock, to include application of traffic engineering techniques, construction of "outer beltways," and establishment of proven procedures for allocating road space in emergency situations. This will be quite a challenge for the future, but progress must be made if we expect the highway system to continue to support the continued economic growth of the Nation and national defense.

We must get the most from all of our existing infrastructure through application of intermodal initiatives. Transportation issues can no longer be addressed by independent modal analyses. Transportation policy should reflect intermodal capabilities. The Department of Defense is keenly aware of the intermodal needs since reduction in breakbulk ships in favor of container ships is placing greater emphasis on the use of intermodal containers for movement of military equipment. Efficiency is driving the private sector to intermodalism, and future highway legislation must seriously consider the effects.

The last thing I would like to address today is the need to develop a national transportation data base. We believe that such a data base is especially critical to making decisions in today's dynamic environment. As in all areas of our society, the complexity of the system and the limited resources require sophisticated analytical tools for analyzing policy options, making infrastructure investments, and maintaining consistency among agencies.

In summary, the Nation's highway system remains the essential link for peacetime efficiency and strategic deployment for the Department of Defense. We would appreciate the committee's support of programs to enhance the ability of the highway system to support Defense transportation requirements. This will ensure that the highway system continues to be responsive to Defense emergencies.

As I have previously stated, the most important Defense need by far is to ensure that the infrastructure continues to be maintained to support Defense requirements. We feel that this could best be

accomplished through inclusion of STRAHNET and connectors in any Highway System of National Significance.

Thank you.

Senator BAUCUS. Why don't I just start with you, Mr. Collinsworth?

It seems to me that in the years since the inception of the Interstate System, that this part of the country, Montana and the Dakotas and so forth, with all the Minutemen sites that have been constructed—that it is comparatively more important now to have a good solid highway system, certainly the Interstate, and maybe part of the primary, than was the case when the Interstate System was first conceived and originally constructed. Other parts of the country are still just as congested as they have been. I'm sure they're a little more congested now than they were when President Eisenhower first proposed that the system be built, but since then it seems to me that this part of the country, certainly with the Minutemen and ABMX and the Midgetmen and who knows what, has had a proportionately greater role.

If that's the case, I am wondering if it is also therefore true that that is a kind of component that can somehow be built into any kind of a highway allocation system.

Mr. COLLINSWORTH. Sir, of course, we participate in funding for highways to move the Minuteman system now. Any construction beyond that which you would normally do that has a Department of Defense requirement, we always pick up the tab for that.

The Federal-aid system, of course, has been and continues to be the primary function of funding for national defense. Beyond that, I'm not quite sure how we could allocate Defense funding to those roads for the Minuteman system.

We do believe, and STRAHNET shows, that the major movements—STRAHNET is based on peacetime and wartime movements, and the most important routes certainly were based on volume, mobilization, and deployment. Within the State of Montana, for example, there is one existing STRAHNET route which comes down 87 and turns south, on the basis of interconnectivity.

Senator BAUCUS. Right. I saw that.

Mr. COLLINSWORTH. Beyond that, I guess I'm not quite sure—

Senator BAUCUS. Well, it just seemed to me that you've got to move the Minutemen around and service them sometimes; there are various service needs. It would seem to me that DOD would want to make sure they have a really good, solid highway system here, more than was the case 30 or 40 years ago.

Mr. COLLINSWORTH. The system that we use today serves our needs, certainly, and the money that we put into it over the years, I think, attests to that.

Senator BAUCUS. Mr. Rubel, what role has USDA played in developing the Administration's National Transportation Plan?

You have a lot of good statistics, and by the way, you have done excellent work.

Mr. RUBEL. I brought mountains of it with me, too, so I hope you folks feel free to dig in.

Actually, we were very pleased at DOT's response to our initial inquiry into their policy formation. When Secretary Skinner announced the whole effort in July we immediately went to DOT and

said that we were very interested in it, that we had done a lot of work in this area, that we wanted some input.

To the point of the six cluster groups and the rural group, we expressed a sincere interest in sitting in on all cluster group meetings. They went one step further and included us on each of their hearing panels of their eight hearings around the country.

Senator BAUCUS. Did they listen to you?

Mr. RUBEL. Actually, we listened with them to the testimony. We supplied, as our testimony to DOT, all of those things which I have just sort of gone over in quick fashion, and all the reports that we've come out with recently. We felt those were very well received. We haven't seen the policy; we're as curious as you to see what they're going to come out with from the whole effort.

I would have to say, though, that I thought it very significant that the Secretary separated the rural market out; as opposed to going modal, he separated that market out and took a look at it, and the representation on the rural cluster group did come from all the modes.

So I think they were very open to us. We certainly provided them with all the information that we have cranked out over the last year or two. Time will tell.

Senator BAUCUS. You bet.

Norris, one of the earlier panels suggested a formula based on Federal lands in a State—

Mr. COLE. I heard that comment.

Senator BAUCUS. Would that help us? I don't quite understand how the reservations are calculated in this allocation here, whether a county reservation is Federal, therefore a greater share for States like ours would make a difference.

Mr. COLE. My own personal feeling is that it definitely would. Although Indian lands are not considered in the same line as Federal lands as far as National Parks or BLM lands or those types of land under the Department of the Interior or Agriculture or some other, but the formula that we have been using here in the past has been primarily based on probably the same formula that is used in other cases, people, miles of road, and this. It has not been that advantageous as far as getting roads on Indian reservations, and I think also on other lands that are administered by other Department of the Interior organizations.

And yet, some of the things that I heard today fit into Indian reservations the same as they would fit into any other rural area, because Indian reservations by and large, except for maybe Palm Springs or a few urban reservations, are all rural areas and rural land bases.

Senator BAUCUS. Well, I appreciate your helping out very much this afternoon. I thank all the panelists for their testimony.

I will also announce that the hearing record will be open for another couple of weeks, so if any of you want to add more information, we'll take it.

Thank you very much. The hearing is adjourned.

[Whereupon, at 5:22 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

[Statements submitted for the record follow:]

TESTIMONY ON MONTANA'S HIGHWAY SYSTEMS

by

Dr. John P. Humphrey
 Mayor of Lewistown, Montana 59457
 November 11, 1989

Senator Baucus and distinguished members of the panel, I want to thank you for the opportunity to testify before you on the state of National highway system and on the impact that a proposal being considered by the Secretary of Transportation can have upon the Nation, Montana and upon the local area.

I want to also commend you upon selecting Lewistown as a sight for holding this field hearing. I feel that the Central Montana area is very indicative of what you will find across the nation as far as concern and need for a viable national transportation network. The Central Montana area also is representative of the needs, wants and desires of a rural community in a sparsely populated state not directly involved with a major interstate passing by its front door.

I want to also fully state that I realize the difficult task you have before you in preparing for the re-authorization of the Federal-aid highway program. There are no absolute answers to the questions that you must weigh and answer. However, there are strong lobbying groups on all sides wanting it only their way and you must have the wisdom of Solemn in your deliberations, if the nation is to move forward into the twenty first century with a meaningful highway network.

INTERSTATE PROGRAM

The Federal interstate program was born at a time when the nation fully recognized that a need was there for a super highway system linking all forty-eight states and major cities across our country. This massive program was implemented not only for the sake of public transportation and commerce, but also in the interest of national defense. We had clearly heard Adolph Hitler's message that the United States could not fight a major conflict on our continent because of an inadequate highway system. No individual was more aware of this than President Eisenhower who championed the cause.

It took greatness to envision such a mammoth program, and the commitment of a nation to see it through. What was to take us a brief thirteen to fifteen years to accomplish has taken nearly thirty-five. What was to be done with tens of billions of dollars has required hundreds of billions. But dedicated we were and now we are at a cross road and must determine where we go from here.

It would be easy to tell you, from a pure rural prospective, that we should get away from building more freeways, but in all honesty I can not. A brief examination of a map of our interstate system I feel really shows the way. If a line is drawn from mid-Wisconsin through to New Orleans, it is obvious that the highest interstate density lies east of that line. To the west lies great expanses bounded by interstates. Most of these areas are larger than many of our continental states and for the most part are in rural states with low population densities.

The direction then is clear for our interstate system. We must begin to fill in these large voids. The interstates were to connect major cities and our forty eight states. It was also to provide avenues for travel and commerce. While the states are connected, we still have these gigantic land masses that are not. By doing so we will greatly improve upon the efficiency of our trans continental system, and at the same time promote further growth and economic development in these areas.

There is no question that interstates promote both growth and development. A good efficient transportation system attracts business and industry, which in turn attracts people like flies. Before the turn of the century the Federal Government promoted the development of trans-continental rail roads so that the West could be settled. In this century we have promoted settlement with interstates and airports. Now is the time again to stimulate the settlement of the west (west of the Mississippi and east of the west coast).

Careful planning by our nations leaders can do this. The benefit will not be only to the regional area of a new interstate. It will be felt from coast to coast as goods, services and people move from one area of our continent to the other. Fuel economies alone over the next few decades will surely more than pay the present day costs of expansion. As we move toward the year two thousand, our national leaders must be very aware of the cost of energy. We are destined to see shortages and much higher liquid fuel prices, as we saw in the seventies. Every mile of interstate will only help to improve transportation efficiency and greatly reduce transportation costs.

In other words, expansion of the interstate system is in the national interest.

COST OF THE INTERSTATE SYSTEM

The direct cost of our present interstate system has been tremendous, but not one that the American people were unwilling to pay. We did it with a use tax on gasoline and diesel fuel. If memory serves me right, I believe we stated out with an additional one cent Federal gasoline tax or a total of five cents. If we were to ask the American public to authorize this tax today, I feel it would get an astounding affirmative vote.

However, the direct Federal costs to build the interstate system were not the only ones. The States were asked to contribute ten percent of the cost. A wise move in that it prevented, for the most part, states recommending and building freeways to nowhere. As a further condition each State agreed to under take the maintenance of the interstates within their borders.

In the eagerness to latch onto nine Federal dollars for every one State dollar, we somehow forgot how expensive this maintenance task would be. Or just maybe those who agreed to undertaking the maintenance felt that this would be so far in the future they personally wouldn't have to worry about it. Or maybe they were good businessmen and recognized that they in State Government could leverage their precious and scarce highway dollars at nine to one and accomplish construction goals that they could not on their own.

In any case, we are now saddled with an interstate system that is getting old and the maintenance costs are now just starting to show up. Plus we were very ignorant in the beginning. We have learned a tremendous amount about engineering design of interstates. The Oakland Freeway is a good example, as is large sections of I94 that were replaced, from road bed to surface, in North Dakota in the last couple of years. In the less populated states the maintenance burden is tremendous. It makes little difference where a mile of freeway is it costs a lot to maintain it.

If we are having trouble maintaining what we have, then how can we build more? Here again, I believe the solution is obvious. These massive and expensive roads were built for the most part in the National interest. Therefore, they must be maintained and improved for the most part in the National interest. The Federal Government must undertake a larger share of the maintenance burden. Otherwise we are going to see low traffic areas within a State with little or no maintenance, while high traffic areas which gain much local attention with all of a State's maintenance or modernization dollars.

Nationally we can not afford to let our present interstate system decay under local control. And if we build more interstates in low populated areas, then the Federal Government must also play a bigger role in maintaining these.

PRIMARY HIGHWAY SYSTEMS

We that have lived along and with primary and secondary roads have been more than patient as we fully recognized the monumental task the Nation had undertaken in building the National interstate system. However, our patients are wearing thin. To say our primaries have been grossly neglected for the past thirty-five years is an understatement. Neglected not only in utility and modernization, but also in public safety.

I remember a short time ago that one foot was added to the shoulder just east of town here with no widening of bridges and this was hailed by our local newspaper as a tremendous improvement. Another time guard rails and a little widening was done on a very dangerous curve and sold in the best interest of public safety. There are probably a dozen such curves on this section of road. If you haven't eaten in thirty-five years, and not totally starved to death, even a moldy crust of bread looks like a feast.

My overall impression is that Montana has no real plan for its very important primary system and has no prospects for one. As long as our interstates continue to siphon off precious highway dollars (first for construction and now for maintenance) I see no possibility of meeting our national highway obligations. To meet even our present minimal maintenance needs we have raised gasoline taxes until now we have the highest rates of any state. This is not only a burden to the people of Montana, but also has made us very non-competitive with our surrounding neighbors. I believe through our gas tax we have though shown we are trying, but because of our needs, vast distances and low population density can not do it alone.

Therefore, I believe the Federal Highway-aid program should be redirected toward primary systems. In my memory serves me right I believe that we stated the interstate program on a five cent cent tax when gasoline was about twenty-five cents (20%). We are at about nine cents now with gasoline above a dollar. I would suggest that consideration be given to raising the Federal tax to twenty cents (20%) or possibly putting on a five dollar a barrel import fee on foreign oil (20%) to be used by the Federal Highway-aid Program. This also has many other implications for the Nation. This should have been done as gasoline prices dropped sharply in the early 80's.

An approximate ten percent increase in fuel prices as taxes would just about match the increase in energy costs in highway construction.

LOCALLY

Locally we have many needs and concerns. First and foremost is the threat to removing U.S. 87 from Billings to Lewistown from the the Highway System of National Significance designation leaves us an without any primary. I'm not sure who set the priorities on what would stay and what must go under the new proposed Federal system. But who ever did does not understand the significance of Central Montana to our State and Nation.

As we proceeded with our ten percent match for the interstate system, we had fewer and fewer dollars to spend on U.S. and State primary roads. A few hundred million here and a few hundred million there to match a few billion here and a few billion there, eventually amounts to real money, as Washington well knows. Engineering, planning, and construction resources were taken from the less glamorous primary and secondary systems and directed toward more glamorous freeway designs. It is far more exciting to design a freeway overpass than to layout a simple yet as important county bridge which serves the same overpass road.

Primaries and secondaries are truly the backbone of our highway system. They not only serve traffic in a local area or region, but also act as the feeder network to and from the freeway system. To ignore this network makes as much sense as ignoring the capillary system of the human body in sacrifice to the veins and arteries. The body as a whole can not survive without both.

Our National attention must now be directed toward the primary and secondary highway system, if nothing else. We can no longer wait patiently another thirty to thirty five years to see a hope of modernization. We can no longer pay lip service to it's importance to the nation for travel and commerce. We need a program now one as massive and intent as we saw in the fifties which initiated our interstate system. The cost of this program will be no less than we envisioned for the interstates and the task will be no easier to accomplish.

MONTANA'S HIGHWAY SYSTEM

Montana has faired no better or worse than most western low density population states. In fact in some cases we may have done better. We have I15, I90 and I94 within our borders. But because of the vast distances we span we could well afford a second east/west and a second North/South route. Hopefully, through the center of the state.

As far as primaries are concerned my general feeling is that we have done much poorer than most states, and I have travelled extensively in many of them. What I mostly seen in Montana is a little fix here and a little fix there to quite down the local population. There has been no major plan to modernize the primary and federal highways within our borders. We probably did more highway improvements prior to 1929 than we've done since. Why? Because we went through the Great Depression, World War II and interstate construction since then.

Highway 87 from Billings to Great Falls is a classic example of Montana's Primary program. We have had very minor improvements in and around Lewistown and Roundup, but still have an extensive twenty-four foot section about thirty miles from Billings and another near Moccasin toward Great Falls. And this is considered a major North/South route through the center of the State.

The second concern is the lack of development of Montana 200 from east of Lewistown to the North Dakota border. The development of this route is essential to eastern Montana and has been neglected for seventy years. This highway could be a major Montana East/West route, carrying much of Montana's tourist traffic. With the advent of Fort Peck Lake being promoted as a prime national recreation area, development can not proceed without improvements to 200. This essential arterial would also take much traffic off of 194 from Glendive to Missoula, if developed as a forty foot wide major primary.

Another route that needs consideration is US 87 North to Grassrange, Montana 19 north to 191, across the Missouri River to Montana 66 to Harlem on US 2. With 200 this would give two major highways intersecting near the center of the state. A development that won't happen without Federal cooperation. Highways in and around central and eastern Montana have been totally neglected by Montana's own highway administration, because of distraction by the interstate system.

As further verification of the lack of concern for Highway development in and around Central Montana, I would refer you to "A Study of the Small ICBM Program Impact on Montana's Highway System - Final Report" by the Office of Direct Federal Programs, Direct Access Road Program, Washington, D.C. HDF-13. This report is a final draft of the highway needs if and when the Midgetman Missile is deployed at Montana's Minuteman sites. It was prepared, in the most part, by Montana's own Highway Department. It assumes that minor widening of US87 west of Lewistown to Great Falls is acceptable to Central Montanas without any public review. Without consideration of US87 East of Lewistown and a much more consideration for the plain ordinary traffic safety for travellers in Central Montana along this route while these slow large missile transports are moving, it is far from acceptable or a final report. I basically blame our own Montana Highway Administration for this report as they prepared it. But it does show how even ones own state government considers rural highway development.

Little is really understood by either State or Federal Government about highway development and needs in eastern and central Montana. The comment is made we don't have the traffic density to warrant the highways. My reply is and always will be we don't have the highways to warrant the traffic. In 1975 I had the opportunity to travel 200 east of Lewistown to Glendive. The US had just completed a large grain deal with Russia and the truck traffic on 200 head toward Duluth was amazing. This road would be more used if constructed to modern highway standards. Highway construction costs in this area of Montana are minimal as right-of-way is readily available.

The last item I will mention is a little reconstruction job to be done at the intersection of First Avenue and Main Street here in Lewistown. While this intersection needs improvement, the real problem of truck traffic through the east side of town is not being address. Almost daily we have hazardous materials moving through this intersection by truck to get to the truck by-pass on the West side of town. No consideration is given to a east side truck by-pass because of lack of funds or desire on the part of the Montana Highway administration. We need this by-pass for safety reasons.

Overall I would again say that we need to direct more funds to Montana's primary highway system it's been terribly neglected these last seventy or so years.

SUMMARY

1. Nation wide the Federal Highway-aid program needs to be redirected toward our primary highway system.
2. As a second priority we need now to provide more interstate connections in sparsely populated states.
3. More of the maintenance costs for the interstate system needs to be borne by the Federal Government.
4. We again need a well thought out transportation plan for the entire nation, brought forth and implemented by national leaders.
5. As a means for paying for these massive programs, I recommend bringing the Federal gas tax more in line with current liquid fuel prices or impose a Federal oil import tax.

DEPARTMENT OF HIGHWAYS



STAN STEPHENS, GOVERNOR

2701 PROSPECT AVE.

STATE OF MONTANA

HELENA, MONTANA 59620

Comments of Larry W. Larsen, P.E.,
Director, Montana Department of Highways

Lewistown, Montana Field Hearing
of the
Senate Environment
and Public Works Committee
November 11, 1989

We oppose drastic changes in the federal-aid highway program. Some change is necessary and, in some cases, long-overdue. But major changes of the type being proposed by some will have significant and adverse effects on Montana's program.

1) Federal-Aid Highway Program

Montana advocates a continuing Federal-Aid Highway program which is fair and flexible; a program that gives priority to funding for preservation and the necessary reconstruction of the present Federal-Aid Highway System.

We suggest a fair program is one which provides every state with a minimum level of funding support at least equal to the support now being received.

In this spirit, appropriate consideration of highway lane miles must be a factor in fund distribution so that rural states like Montana (with low population and vast distances between population centers) are treated fairly.

We suggest a flexible program is one in which the state can use federal and state funds to meet the state's most pressing highway needs in a sensible and cost-effective way.

Transferability of funds between funding categories and less stringent requirements for lower-level highway systems would provide states the flexibility to better manage highway programs and make them more responsive to the state's needs.

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2) Federal/State/Local Partnership

The current federal/state relationship has worked well over the years and should be continued to address the needs on the Interstate System and other primary highways serving interstate commerce.

However, reduced federal controls and less rigid requirements for lower-level federal-aid systems would allow more flexibility and thus help state and local governments meet their pressing needs.

3) Highway Needs vs. Highway Trust Fund Revenues

Nearly two-thirds of the nation's paved roads need repairs in order to stop further deterioration, and nearly half the nation's bridges need attention.

According to figures from the American Association of State Highway and Transportation Officials (AASHTO), in order to assure the preservation and safe operation of existing highways will require an annual investment of some \$80 billion each year, compared to the combined total of \$66 billion spent on the nation's highway systems in 1987.

This translates to about three cents for every vehicle mile driven. AASHTO believes this contribution should be increased to about four cents, just to keep the nation's existing highways safe and operational and to adequately accommodate most of today's vehicle traffic.

While federal-aid addresses less than 22 percent of the nation's total road mileage, these roads carry 81 percent of all traffic. The present federal-aid program is funded at about \$12 billion. Montana's share is about \$100 million a year.

As the committee is no doubt aware, a cash balance of over \$10 billion has accumulated in the trust fund account due to the deficit problem and other federal budget pressures.

We suggest there is need for a renewed commitment by Congress to fund the transportation requirements we all know are high on the public's list of priorities.

An obvious place to start this renewed commitment is to get the Federal Highway Trust Fund out of the budgetary process; all highway user taxes should be available to support highway programs.

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The benefit of full apportionments would mean about another \$7 million a year to Montana. That \$7 million annually would significantly "boost" Montana's current highway program.

4) Apportionment Formulas

Any formula distribution should use lane miles as well as vehicle miles traveled in addition to the other appropriate factors. Without a lane mileage factor in the apportionment formula, programs in Montana and other rural states will suffer.

5) Federal Design Standards

We continue to support uniform design standards for the interstate and other high volume primary highways serving intra- and interstate commerce. However, appropriate design standards for the lower level systems should be left up to state and local governments.

Furthermore, should some form of "system of national significance" be adopted we would advocate that stringent design standards, similar to the interstate, not be required for non-interstate segments. States should have the flexibility to apply other appropriate AASHTO or state standards on these roads.

6) Transportation Needs

Transportation needs nationally exceed our ability to fund the necessary improvements and Montana's needs are no exception. Some factors which complicate Montana's highway problems include:

- limited population and resources,
- severe climatic extremes,
- a high percentage of federal lands,
- continuing rail line abandonments.

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The following is a brief summary of Montana's highway problems and needs:

- ° Our 5500 mile primary highway system is seriously outdated and much of it is physically dilapidated. The median age of the system is 32 years: half of the primary system that is in service today was constructed prior to 1957 and over 1000 miles of it was constructed prior to World War II.

- ° Montana's 4400 mile secondary system is about 60 percent paved and 40 percent gravel road. The pavements on three-fourths of the paved secondary roads are 20 to 40 years old and have had very limited maintenance preservation work done on them.

- ° The primary system still has over 600 treated timber bridges, most of which were built prior to World War II. Two-thirds of Montana's off-system bridges are deficient and half of these currently have serious structural problems.

- ° Ninety percent of Montana's 66,000 mile system of local roads and streets are gravel or dirt surfaced. The relatively small proportion of these roads which are paved are generally low standard roadways with generally inadequate pavements. Montana's city and county governments have very little potential to raise the funding necessary to improve these routes.

If there's good news, it's that Montana's 1200 mile interstate system is complete and in very good condition overall. It's one exception to an otherwise grim picture.

7) Highway Needs on Federal Lands

Montana has a high percentage of federal lands. These lands are scattered throughout most of the state and practically all access for economic and recreational use on these lands is provided for by our system of arterial and collector highways. These highways carry significant volumes of traffic requiring a substantial investment to maintain a safe and functional system.

The present system of adjusting the federal-aid matching ratio to give a state "credit" for the existence of these federal lands should be continued. As an alternative, a substantial, but separate federally-funded program shared by the western states with large percentages of federal lands responsibilities has even more merit in fairly meeting these needs.

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8) Tax Exemptions/Highway User Fee Diversion/Highway Sanctions

Clean air is a serious national priority and it seems almost certain strategies to deal with this problem will involve alternate fuels. But we feel every motor fuel should be taxed to provide for its equitable share of meeting the cost of providing a highway system. Exempting certain fuels from road user taxes distorts the economics of competition among fuels and fails to generate the revenue needed to keep up the transportation system.

We also believe unobligated apportionment balances held back to solve the deficit problem and other federal budget pressures should be released.

These funds represent an unpaid commitment to highway users. They should be provided to each state in addition to—not as a replacement for—regular apportionments in the current or future program.

it's obvious the full potential of federal-aid is needed if we are going to reasonably meet our most pressing highway needs. For this reason alone, the Federal-aid Highway Trust Fund must be taken "off-budget."

Likewise, the threat of highway sanctions are non-productive and eat up valuable resources that could otherwise be spent on addressing transportation problems. We suggest a more constructive approach be taken with states and that this approach not involve holding needed transportation improvements hostage as a means of obtaining state compliance with federally mandated objectives.

Sanctions are not good policy or good government. Fear of sanctions has been a real and definite problem in Montana.

9) Agricultural and Industry Transportation Needs

Montana is primarily an agricultural and raw materials exporter and an adequate transportation system is essential to the vitality of this industry. With the rash of rail line abandonments, the industry is more dependent on highways than ever.

There must be a continued commitment of federal, state, and local resources to maintain a transportation system that will foster, not stifle economic growth in Montana.

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10) State's Ability to Raise Sufficient Revenues for Highway Needs

If the federal highway program is redirected to areas of heavy urban traffic congestion as many have suggested, Montana stands to lose \$25 to \$30 million or more each year. This would have a substantial, unmistakable negative effect on Montana's highway program.

Montana and similar states with small populations and large highway systems simply don't have the resources to off-set a reduced federal-aid program. It would require either a substantial increase in the motor fuel taxes—now among the highest in the nation at 20 cents per gallon—or a severe reduction in our current highway program.

11) Alternatives for Financing Highway Needs

Highway user fees have been the traditional means of funding highways. For the most part we believe they are fair and well accepted by the public.

We have had experience with alternate methods of financing and maintaining highways, such as special improvement districts and industry or local contributions. We've shown these alternate methods can be used successfully. It's important to recognize, however, that they will only be a very small part of what is necessary to meet our transportation needs. They will never be a reasonable alternative to federal funding of transportation needs.

12) Proposal to Restructure the Federal-aid Highway Program

A simplified program and fewer funding categories, if properly funded and administered, is appealing for many reasons. But the obvious effect of the drastic changes that have been proposed would be to benefit some at the expense of others.

A focused effort by western states at the recent AASHTO Annual Meeting (October 6-10) resulted in significant improvement in key areas of the policy developed by AASHTO, changes which move the policy toward recognition of the legitimate needs of Montana and other rural states.

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In the spirit of the recent democratic and cooperative AASHTO efforts, we advocate that any new highway legislation include these basic provisions:

- ° ensure each state is "held harmless"; that is, each state should receive no less in federal funding than is received under the current program.
- ° ensure that those states held harmless under the above (predominantly rural western states) would share equitably in any growth of the federal highway program.
- ° establish a framework so rural states can continue the Federal-aid Urban and Federal-aid Secondary programs, even under the new simplified system.
- ° Leave the federal-aid matching ratios as they are for the present program areas, since major changes like those being advocated would very likely slow the progress in meeting highway needs.
- ° As an alternative to those who want to change the programs or systems, we suggest simply renaming what we now call the interstate and primary systems and programs without the radical change from the program basics and funding now existing.

13) Speed Limit

We don't agree with any federally-mandated speed limit and again suggest a more constructive approach is necessary. In this area, as in the area of clean air legislation and goals, we feel that where the federal government has a legitimate interest that overrides the rights of the states, sanctions are not the answer.

The bottom line is it takes money to build highways, pure and simple. Any proposal that affects that bottom line is bound to affect the Montana Highway Program.

TESTIMONY
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE HEARING
REAUTHORIZATION OF FEDERAL AID HIGHWAY PROGRAM

PRESENTED BY:
RICHARD BACKES
HIGHWAY COMMISSIONER
NORTH DAKOTA STATE HIGHWAY DEPARTMENT

LEWISTOWN, MONTANA
NOVEMBER 11, 1989

TESTIMONY

SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE HEARING
REAUTHORIZATION OF FEDERAL AID HIGHWAY PROGRAM
LEWISTOWN, MONTANA
NOVEMBER 11, 1989

SENATOR BAUCUS AND MEMBERS OF THE COMMITTEE, MY NAME IS RICHARD BACKES, AND I AM THE NORTH DAKOTA STATE HIGHWAY COMMISSIONER. I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO PROVIDE INPUT INTO THE DEVELOPMENT OF THE 1991 FEDERAL AID HIGHWAY PROGRAM.

THE PRESENT FEDERAL AID HIGHWAY PROGRAM HAS BEEN ONE OF THE MOST SUCCESSFUL, LONG RUNNING, COOPERATIVE PARTNERSHIPS EVER UNDERTAKEN BY FEDERAL AND LOCAL GOVERNMENTAL AGENCIES. OVER THE YEARS THE SYSTEM HAS DEVELOPED THE SAFEST, MOST EFFICIENT

HIGHWAY NETWORKS IN THE WORLD. I PUT THE FEDERAL AID HIGHWAY PROGRAM IN THE SAME CATEGORY AS OTHER SUCCESSFUL FEDERAL PROGRAMS SUCH AS THE RURAL ELECTRIFICATION ACT, UNIVERSAL POSTAL SERVICE, AND WATER DEVELOPMENT PROJECTS.

IN RURAL AREAS LIKE NORTH DAKOTA, THE OVERALL GOOD HEALTH OF OUR ENTIRE ECONOMIC SYSTEM DEPENDS ON THE CONDITION OF OUR TRANSPORTATION SYSTEM. A SOUND HIGHWAY SYSTEM IS THE LIFEBLOOD OF A STATE'S ECONOMIC DEVELOPMENT.

I WAS VERY CONCERNED ABOUT SOME OF THE INITIAL PROPOSALS REGARDING THE 1991 FEDERAL AID HIGHWAY PROGRAM. MANY RURAL STATES ARE CONCERNED THAT SOME OF THE PROPOSED CHANGES TO THE NEXT FEDERAL HIGHWAY BILL COULD HAVE A NEGATIVE IMPACT ON THE AMOUNT OF FUNDING THEY RECEIVE. THEREFORE, WE HAVE WORKED CLOSELY WITH OTHER RURAL STATES SUCH AS; SOUTH

DAKOTA, MONTANA, WYOMING, AND NEVADA TO ENSURE THAT RURAL ISSUES AND CONCERNS WILL NOT BE OVERLOOKED IN THE NEXT HIGHWAY BILL. THESE HEARINGS PROVIDE AN EXCELLENT OPPORTUNITY TO PROVIDE THAT INPUT.

A GREAT DEAL OF ATTENTION TO TRANSPORTATION PROBLEMS IN THE UNITED STATES HAS FOCUSED ON LARGE METROPOLITAN AREAS, BUT THE CONDITIONS IN RURAL AREAS ARE CRITICAL AND THE FINANCING OUTLOOK IS BLEAK. URBAN CONGESTION AND GRIDLOCK ARE MAJOR TRANSPORTATION PROBLEMS THAT MUST BE ADDRESSED. HOWEVER, SOME RURAL AREAS ARE ALSO EXPERIENCING A FORM OF "GRIDLOCK" IN THAT THEY ARE UNABLE TO EFFECTIVELY MOVE THEIR COMMODITIES DUE TO LOAD RESTRICTIONS PLACED ON ROADS AND BRIDGES.

MOVING AGRICULTURAL PRODUCTS

THE PROBLEM ASSOCIATED WITH NORTH DAKOTA'S ROAD SYSTEM IS NOT MOVING PEOPLE, IT IS MOVING COMMODITIES. NORTH DAKOTA IS CONSIDERED THE MOST "AG-DEPENDENT STATE IN THE NATION AND ITS ECONOMY IS DEPENDENT ON THE WELL-BEING OF AGRICULTURE. NO STATE IS MORE DEPENDENT ON TRANSPORTATION THAN AN AGRICULTURAL STATE AND NO STATE IS MORE AGRICULTURALLY ORIENTED--OR LANDLOCKED--THAN NORTH DAKOTA.

NORTH DAKOTA DEPENDS ON TRUCKS AND RAIL SERVICE TO MOVE ITS AGRICULTURAL PRODUCTS. RAIL SHIPMENTS PLAY AN IMPORTANT ROLE IN MOVING AG PRODUCTS, BUT ALL OF THESE LOADS ARE CARRIED INITIALLY BY TRUCK, ON THE ROAD NETWORK, TO GET TO THE RAIL FACILITIES. OUR TRANSPORTATION PROBLEMS ARE COMPOUNDED BY THE

FACT THAT SINCE 1980 OVER 700 MILES OF BRANCHLINES HAVE BEEN ABANDONED IN THE STATE. AS A RESULT, RAIL SERVICE HAS BEEN LOST IN THREE COUNTIES AND OVER 50 COMMUNITIES. WHEN LINES ARE ABANDONED THE COMMODITIES ARE MOVED BY TRUCK, PUTTING ADDITIONAL PRESSURE ON THE ROAD SYSTEM.

THE FEDERAL GOVERNMENT SHOULD HAVE AN INTEREST IN FUNDING RURAL ROADS FROM THE STANDPOINT THAT AGRICULTURE FEEDS THE AMERICAN PEOPLE AND GENERATES MILLIONS OF JOBS. AGRICULTURE ALSO PROVIDES AN ENORMOUS CONTRIBUTION TO THE BALANCE OF TRADE AND PLAYS A VITAL ROLE IN THE COUNTRY'S INTERNATIONAL COMMERCE.

INABILITY OF RURAL STATES TO GENERATE REVENUE

SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER SAID STATE AND LOCAL GOVERNMENTS WILL BE REQUIRED TO

FOOT A LARGER PORTION OF THE BILL FOR FUTURE TRANSPORTATION IMPROVEMENTS. THIS PUTS AN ADDED STRAIN ON FINANCIALLY STRAPPED STATE AND LOCAL BUDGETS.

THE NEED FOR ADDITIONAL REVENUE TO IMPROVE OUR TRANSPORTATION SYSTEM IS EVIDENT. NORTH DAKOTA IS CURRENTLY SPENDING ABOUT \$45 MILLION IN CONSTRUCTION FUNDS EACH YEAR TO PRESERVE AND IMPROVE OUR RURAL HIGHWAY SYSTEM. ACCORDING TO A STUDY CONDUCTED BY THE NORTH DAKOTA STATE HIGHWAY DEPARTMENT, IF WE ARE TO KEEP OUR SYSTEM IN THE SAME CONDITION IN THE YEAR 2000 AS IT IS NOW, WE SHOULD BE SPENDING \$104 MILLION PER YEAR, OR ALMOST 2 1/3 TIMES OUR CURRENT EXPENDITURES.

NEEDS ARE INCREASING AT A TIME WHEN REVENUE SOURCES ARE DECLINING. IN 1985, NORTH DAKOTA RECEIVED \$80.5 MILLION IN FEDERAL AID. IN 1988,

THIS WAS REDUCED TO \$61 MILLION AS A RESULT OF SPENDING LIMITATIONS IMPOSED BY CONGRESS.

NORTH DAKOTA HAS MORE MILES OF ROAD PER CAPITA THAN ANY STATE IN THE NATION. INCREASING USER FEES IN RURAL STATES LIKE NORTH DAKOTA DOESN'T GENERATE A LOT OF REVENUE. THE NATIONAL STATEWIDE AVERAGE ANNUAL YIELD FOR A PENNY INCREASE IN THE MOTOR FUEL TAX IS ABOUT \$26.1 MILLION. IN NORTH DAKOTA ONE CENT GENERATES ABOUT \$4.1 MILLION OR LESS THAN ONE SIXTH THE NATIONAL AVERAGE. ON THE OTHER HAND, CALIFORNIA GENERATES ABOUT \$136 MILLION FROM EACH CENT OF ITS MOTOR FUEL TAX. THIS IS MORE THAN THE NORTH DAKOTA STATE HIGHWAY DEPARTMENT SPENDS ANNUALLY ON ITS ENTIRE STATE CONSTRUCTION AND MAINTENANCE PROGRAM.

IT ISN'T THAT RURAL STATES ARE NOT TRYING TO GENERATE REVENUE ON THEIR OWN. IN FACT, RESIDENTS

IN RURAL STATES PAY SOME OF THE HIGHEST MOTOR FUEL TAXES IN THE NATION. NORTH DAKOTA'S MOTOR FUEL TAX IS 17 CENTS PER GALLON, AND OUR LEGISLATURE APPROVED INCREASING THE GAS TAX TO 20 CENTS, AND THE DIESEL FUEL TAX TO 19 CENTS/GALLON. HOWEVER, THESE INCREASES WILL BE REFERRED TO A VOTE OF THE PEOPLE ON DECEMBER 5. SOUTH DAKOTA'S MOTOR FUEL TAX IS 18 CENTS, NEBRASKA'S IS 18.5 CENTS, AND MONTANA'S IS 20 CENTS COMPARED TO THE NATIONAL AVERAGE OF JUST OVER 15 CENTS PER GALLON.

COMPETITION FOR HIGHWAY FUNDS

IF ADEQUATE REVENUE IS TO BE PROVIDED IN THE NEXT HIGHWAY BILL WE MUST WORK TO PROTECT THE TRUST FUND FROM OUTSIDE INTERESTS. THERE HAS BEEN INCREASING PRESSURE TO USE HIGHWAY FUNDS TO SUPPORT OTHER PROGRAMS OR REDUCE THE FEDERAL DEFICIT.

FINANCING ROADS AND BRIDGES THROUGH USER FEES HAS BEEN VERY SUCCESSFUL AND EVERY EFFORT SHOULD BE MADE TO ENSURE THAT THESE FEES ARE PROTECTED AND USED FOR THE PURPOSE THEY WERE COLLECTED.

USING MOTOR FUEL TAXES FOR DEFICIT REDUCTION

USING MOTOR FUEL TAXES TO REDUCE THE DEFICIT WOULD DEPART FROM THE USER FEE PHILOSOPHY OF THE STATE-FEDERAL TRANSPORTATION PARTNERSHIP FOR FUNDING HIGHWAY IMPROVEMENTS.

INCREASING THE MOTOR FUEL TAX FOR DEFICIT REDUCTION WOULD UNFAIRLY SHIFT THE TAX BURDEN TO LARGE RURAL STATES WHICH ARE DEPENDENT ON THE AUTOMOBILE. IT WOULD ALSO INHIBIT THE ABILITY OF STATE AND LOCAL GOVERNMENTS TO RAISE ADDITIONAL REVENUE TO FUND TRANSPORTATION PROJECTS.

SPENDING LIMITATIONS: AS A MEANS OF BALANCING THE FEDERAL BUDGET, CONGRESS HAS IMPOSED SPENDING

LIMITATIONS ON FEDERAL HIGHWAY FUNDS. IN FISCAL YEAR 1988, NORTH DAKOTA'S TOTAL APPORTIONMENT WAS \$72.8 MILLION. HOWEVER, AS A RESULT OF OBLIGATIONAL SPENDING LIMITATIONS, WE WERE ONLY ALLOWED TO SPEND ABOUT \$61 MILLION. IN THE PAST FEW YEARS, CONGRESS HAS HELD BACK OVER \$34 MILLION THAT NORTH DAKOTA COULD HAVE USED ON ITS ROAD NETWORK. THE REVENUE WAS COLLECTED TO BE SPENT ON ROADS AND BRIDGES AND SHOULD BE USED FOR THAT PURPOSE.

SANCTIONS: IN THE PAST FEW YEARS THERE HAVE BEEN MANY ATTEMPTS AND PROPOSALS TO IMPOSE SANCTIONS ON HIGHWAY FUNDS FOR NON-COMPLIANCE WITH FEDERAL REGULATIONS. IN MANY INSTANCES THE SANCTIONS MAY BE COUNTERPRODUCTIVE. THE IMPOSITION OF SANCTIONS, TAKES AWAY NEEDED HIGHWAY FUNDS AND REDUCES THE ABILITY OF THE STATE TO ACCOMPLISH ITS MISSION OF PROVIDING A SAFE, AND EFFICIENT HIGHWAY SYSTEM.

THE SANCTIONS ARE OFTEN POORLY TARGETED. IN MANY INSTANCES THE HIGHWAY AGENCY HAS NO RESPONSIBILITY, OR AUTHORITY, TO DEAL WITH THE PROGRAM ON WHICH THE SANCTIONS ARE BEING IMPOSED. IT IS THUS THE CLASSIC "WHIPPING BOY" SITUATION WHERE THE PUNISHMENT IS ADMINISTERED TO THE NON-OFFENDING BOY.

SANCTIONS SHOULD BE ELIMINATED AND INCENTIVES SHOULD BE DEVELOPED TO ENCOURAGE STATES TO COMPLY WITH FEDERAL REGULATIONS.

FEDERAL STANDARDS AND REGULATIONS FEDERAL DESIGN STANDARDS ARE NEEDED TO ENSURE THAT WE HAVE UNIFORM AND SAFE HIGHWAYS AS WE TRAVEL THROUGHOUT THE COUNTRY. HOWEVER, THERE ARE INSTANCES WHERE SOME OF THE STANDARDS THAT HAVE BEEN DEVELOPED DO NOT APPLY TO LOW TRAFFIC VOLUME ROADS IN RURAL AREAS. IN THESE SITUATIONS, THERE NEEDS TO BE SOME FLEXIBILITY

TO ALLOW THE PROJECT TO BE BUILT TO FIT THE NEEDS OF THE AREA IN AN ECONOMIC FASHION. WE CANNOT GET SO WRAPPED UP IN COMPLYING WITH STANDARDS AND REGULATIONS THAT WE IGNORE THE ECONOMICS OF PROVIDING BASIC SERVICES TO THE PUBLIC.

THE USE OF GAS TAX DOLLARS TO SOLVE OR MINIMIZE SOCIETAL PROBLEMS HAS BECOME A MAJOR EXPENSE OF THE NORTH DAKOTA HIGHWAY PROGRAM. MEETING UNREASONABLE AND ARBITRARY REGULATIONS REGARDING WILDLIFE, ARCHEOLOGICAL, DBE, AND OTHER PROGRAMS IS CONSUMING AN EVER LARGER SHARE OF THE DWINDLING ROAD PROGRAM BUDGET EACH YEAR.

1991 FEDERAL AID HIGHWAY ACT

AS THE INTERSTATE SYSTEM NEARS COMPLETION, AND A NEW HIGHWAY BILL IS PREPARED, PRESERVATION SHOULD BE THE PRIMARY GOAL OF OUR TRANSPORTATION PROGRAM.

INTERSTATE CONSTRUCTION FUNDS SHOULD BE USED TO RECONSTRUCT AND PRESERVE THE TREMENDOUS INVESTMENT WE HAVE IN OUR HIGHWAY SYSTEM.

FEDERAL FUNDING LEVELS SHOULD BE INCREASED OVER THE LIFE OF THE NEXT HIGHWAY BILL. ALL STATES SHOULD SHARE EQUITABLY IN THE GROWTH OF THE PROGRAM. OUR FIRST EFFORTS SHOULD BE TO SPEND DOWN THE HIGHWAY TRUST FUND BALANCE, ELIMINATE TAX EXEMPTIONS, AND CRACK DOWN ON TAX EVASIONS AS A MEANS OF PROVIDING ADDITIONAL REVENUE WITHOUT INCREASING TAXES. THEN CONSIDERATION SHOULD BE GIVEN TO INCREASING USER FEES TO PROVIDE ADEQUATE REVENUE.

IT IS ESSENTIAL THAT STATES BE GIVEN THE FLEXIBILITY TO TRANSFER FUNDS TO THE PROGRAMS THAT

ADDRESS THE GREATEST NEEDS AT THE STATE LEVEL. WE SUPPORT RELAXING REGULATIONS ON THE ABILITY TO TRANSFER FUNDS.

THE CATEGORICAL FUNDING FOR URBAN STREETS, SECONDARY ROADS AND THE BRIDGE PROGRAM SHOULD BE MAINTAINED. IT IS ESSENTIAL THAT THE NEEDS OF LOCAL JURISDICTIONS BE ADDRESSED IF WE ARE TO HAVE AN INTEGRATED ROAD SYSTEM TO MOVE PEOPLE AND COMMODITIES.

THERE HAVE BEEN SEVERAL PROPOSALS TO PUT MORE EMPHASIS ON VEHICLE MILES OF TRAVEL AND LESS EMPHASIS ON LANE MILES IN DEVELOPING FORMULAS FOR ALLOCATING FEDERAL HIGHWAY FUNDS. THIS WOULD BE DEVASTATING TO RURAL AREAS. IT IS ESSENTIAL THAT LANE MILES CONTINUE TO BE A MAJOR FACTOR AND THAT MINIMUM ALLOCATION PROVISIONS BE MAINTAINED.

THE ABILITY TO PAY AND THE EFFORT PUT FORTH BY THE STATES TO GENERATE REVENUE SHOULD BE TAKEN INTO CONSIDERATION IN DEVELOPING THE NEXT FEDERAL AID HIGHWAY PROGRAM.

CONCLUSION

IN CONCLUSION, THE FUTURE CHALLENGE IS TO MAINTAIN AND BUILD UPON OUR PAST ACHIEVEMENTS BY CONTINUING TO ENSURE A SAFE AND EFFICIENT TRANSPORTATION SYSTEM PROMOTING ECONOMIC GROWTH. POOR ROADS COST US ALL, WHETHER IT IS IN TIME DELAYS, INCREASED VEHICLE OPERATING COSTS, HIGHER TAXES, OR HIGHER PRICES WE PAY FOR COMMODITIES AND SERVICES.

THE CONTINUATION OF A FEDERAL HIGHWAY PROGRAM IS ESSENTIAL TO THE FUTURE OF RURAL TRANSPORTATION. THIS WORKING RELATIONSHIP HAS BEEN VERY SUCCESSFUL IN THE PAST AND MUST CONTINUE IN THE FUTURE. WE MUST CONTINUE THE FEDERAL PRESENCE IN HIGHWAYS AND SURFACE TRANSPORTATION IF WE ARE TO HAVE A TRULY NATIONAL TRANSPORTATION PROGRAM.



Department of Transportation

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Statement of the
STATE OF SOUTH DAKOTA

by

Richard L. Howard
Secretary, Department of Transportation

SUPPORTING REAUTHORIZATION OF AN
EQUITABLE FEDERAL - AID HIGHWAY PROGRAM

before the

Committee on Environment and Public Works
United States Senate

Lewistown, Montana

November 11, 1989

I am Richard Howard, Secretary of the South Dakota Department of Transportation. South Dakota sincerely appreciates this opportunity to testify regarding the future shape of the Federal-aid highway program.

This program is vitally important to America -- urban and rural, east and west, plains states and sunbelt. Beyond all other considerations, the next highway program must be fair to the states -- collectively and individually -- and must strongly emphasize preserving the Federal-aid highway system as it exists today.

The Federal-aid highway system has contributed to economic growth throughout the country because it has been carefully crafted to serve the diverse interests of America. We believe that the reauthorized program must continue to take that national approach -- an approach which recognizes the importance of rural as well as urban areas.

As a point of departure, we don't think Congress should argue with a successful program. We believe the best way for the Federal government to help states and local governments meet the highway challenges of the post-interstate era is to continue the structure of the present law with only minor changes.

Continuing the basic structure of the present program would be consistent with two important principles.

First, the present program has been tested through years of practice and found to be fair and equitable. The Congress should reject speculative claims that major alterations to the program could produce a program that is workable and fair to all. The existing program already meets these criteria.

Second, continuing to closely follow the present program structure would help insure the ability of states, particularly rural states, to preserve their current highway systems. States have built many highways with the assistance of Federal funds, confident that there was a long term Federal commitment to those roads as part of a Federal program. Yet some would restructure highway programs so that Federal spending in urban areas would be increased and investment in rural areas would be deemphasized. Rural states would be threatened with reduced funds for rehabilitation of secondary and primary highways at a time when rehabilitation needs are increasing.

This would be particularly unfair to rural states that built highway systems to Federal standards so they could serve national as well as local needs. Simply, we built more and better roads than we needed for our own local purposes. We built them to insure that automobiles and trucks can move quickly across the nation to the coasts and to insure that rural products can be promptly delivered to national and international markets. These are national economic and defense needs, not local needs. Reauthorizing the Federal-aid program in a way which maintains the basic program structure will help ensure the preservation of our Federal-aid highways.

Let me turn now to how we would apply these principles to the distribution of funds in the post-interstate era.

Our interstate system is a tremendous accomplishment. This system is now largely completed, and I suggest that we are reaching this point just in time. It is increasingly apparent that funds which have been spent for interstate construction are now desperately needed to maintain, rehabilitate and reconstruct the interstate and other Federal-aid highways.

Therefore, we recommend that the basic approach to funding under the next highway bill should, upon interstate completion, be to eliminate the interstate construction funding categories and distribute the level of funding that has been historically dedicated to those categories among the other existing categories according to each category's relative share of the Federal-aid program. In addition, each state's proportionate share of funding available through each category should remain the same.

For example, Interstate 4R now represents approximately 21 percent of total Highway Trust Fund apportionments, and 29 percent of apportionments if the interstate construction categories are excluded. Our suggestion, therefore, would result in 29 percent of Federal apportionments being made available for Interstate 4R in the post-interstate construction period. Apportionments for primary, secondary, urban and rural systems would be similarly calculated. This approach encompasses both our guiding principles. First, it is fair because it maintains the current approach which has been developed cautiously,

intelligently and equitably over a period of many years. Second, it supports the Federal-aid system by preserving the basic structure of the program and greatly assists the states in rehabilitating and preserving roads built under the program. Very simply, we support the current Federal-aid highway program and see no reason for wholesale change.

With these general principles and recommendations in mind, I would like to address several more specific issues which are important to the future of the highway program. Some were suggested in your invitation to testify at this hearing and I have included others. I would also emphasize that South Dakota would like to work with you and the Committee on Environment and Public Works as serious effort begins on reauthorization legislation. The Federal-aid highway program is extremely critical to South Dakota and I hope you will call on us often.

Federal-Aid Highway Program in the Post-Interstate Era. Most importantly, the Federal-aid highway program should be preserved after the interstate system is completed. We believe that few changes to the program are necessary and that the program should provide funding for the current Federal-aid system. Funds which are not needed for interstate construction should be apportioned through the remaining funding categories. We support more administrative discretion for the states. In particular, we support flexibility in transferring funds between categories and accept responsibility for demonstrating to the Federal Highway Administration the need for such transfers. Despite the many

recommendations to significantly change the program, we see justification for only relatively minor revisions.

Appropriate Roles of Federal, State and Local Governments. We believe that the Federal role in the highway program should be to (1) levy and collect national highway user fees, (2) maintain a Highway Trust Fund, (3) distribute revenues from the Highway Trust Fund to the states (in accord with the approach outlined above) for preserving the Federal-aid highway system and (4) provide oversight to insure that the national goals of the highway program are achieved. The state and local role should be to (1) provide a matching share for the Federally-collected funds, (2) select, design and administer construction projects that allow the Federal-aid system to function effectively, (3) perform highway maintenance projects and (4) define, with Federal concurrence, the composition of the Federal-aid highway system within their jurisdiction.

We are very concerned that Congress is expanding its role by designating a great number of "demonstration" projects. We believe demonstration projects should be limited to those intended to actually demonstrate new technologies or techniques. Recent legislation has increased the percentage of Federal highway funds spent on demonstration projects, despite the fact that they are often not priority projects within the states and are extremely inconsistent with the Federal-state partnership. Indeed, demonstration projects are a real and serious threat to the highway program and Trust Fund. States are overwhelmed with projects that need to be accomplished on state and Federal-aid systems, and have developed procedures that assign priorities to them. The state

procedures, at least in South Dakota, are fair, impartial and trustworthy. I respectfully suggest that Congress should not bypass these systems and that the new highway bill should reemphasize formulas as the basis for distributing Federal funds. Very simply, projects should be selected based on need, not political opportunity. If the present trend continues, the Trust Fund will be endangered and state discretion to select projects will be significantly reduced. The result will be that many important construction projects will be deferred.

Trust Fund Revenues vs. Needs. Apportionments from the Trust Fund to the states are not only inadequate to meet highway needs, they are less than the Trust Fund can support. I believe apportionments should be at the highest level the Trust Fund can sustain on a continuing basis, and that the Trust Fund balance should not be artificially enhanced for deficit reduction purposes. Additionally, highway user fees should produce sufficient revenues to support the needs of the Federal-aid highway system, with tax increases enacted as necessary. However, before tax increases are considered, we should maximize the highway benefits which can be obtained from the present level of taxes.

One way to do this is to minimize evasion from Federal fuel taxes. There are indications that this is a very serious problem that may reach \$1 billion per year. Greater enforcement is needed to insure that the Trust Fund receives all the revenues which Congress intended. Without this enforcement, highway expenditures are being artificially constrained and highway projects are being deferred.

Apportionment Formulas and the Ability of States to Raise Revenues. Having described our recommendation to distribute funds among program categories, I would like to address the formulas for distributing funds within categories. We believe that the apportionment formulas currently in use fairly distribute funds between the various program categories and among the states. Consequently, we believe they should be preserved in the next Federal-aid highway program. For example, the Interstate 4R formula has been consistently proven as an equitable measure of ongoing interstate preservation funding needs. More populous states have advocated a change in this formula to give more emphasis to traffic and less emphasis to lane miles. Congress and others, including the Federal Highway Administration, have consistently seen the engineering basis for the current approach and we strongly urge the retention of the current formula. Preserving the interstate is our most important responsibility, and we must receive sufficient funding to do the job.

While we do not perceive a need for major change, we have tentatively identified two factors which should be considered if Congress opens the question of how funds should be distributed among the states. These factors would recognize (1) the effect of climate on highway facilities and (2) the ability and commitment of states to raise transportation revenues. For example, pavements in Montana and South Dakota are exposed to significantly different winter weather conditions than are pavements in the sunbelt. A factor based on freeze-thaw cycles may be appropriate to reflect the effect of environment on our highways. We would be pleased to work with you and the committee to investigate this issue and develop such a factor.

Further, South Dakota recognizes the responsibility of its highway users to bear their share of highway costs. Consequently, our fuel tax is 18 cents per gallon of gasoline and diesel fuel. Only 13 states have a higher tax on gasoline, but 44 states receive more from each penny of their tax. When we add a penny to our state fuel tax in South Dakota, it generates \$4.1 million. A penny in California raises \$141 million. That is 34 times greater, yet California has only 2 1/2 times the miles of highway.

On a per capita basis, South Dakota annually spends \$307 of non-federal resources on highways while California spends \$190. Thus, although our highway users pay more than most of their counterparts, South Dakota is severely limited in its ability to increase its highway revenues. This is particularly important when considered in light of proposals to reduce Federal support for the Federal-aid system or increase the state matching requirement for Federal funds. Indeed, it illustrates precisely why the Federal highway program is based on a donor/donee relationship. We suggest that a factor be developed to insure that states like South Dakota, which have limited abilities to produce revenues, yet impose relatively high fuel taxes, are not disadvantaged by Federal policies. We would welcome the opportunity to work with you to implement this concept. At a minimum, the extent of the funding effort made by states such as South Dakota argues against proposals to reduce the Federal share of projects.

Federal Design Standards. We believe there is a legitimate and important Federal role in establishing design standards for the Federal-aid highway

system, but believe that these standards should be administered more cost-effectively. For example, if a highway pavement can be overlaid with asphalt to obtain an additional 10 years of service before reconstruction, the project should be eligible for Federal funds. Under today's procedures, Federal funds can be used on a project only if the highway meets all current Federal design standards. In addition, we believe that design standards should contain more flexibility on highways with less traffic. It makes sense to us for a primary highway with 5,000 vehicles per day to be constructed to a different standard than a primary highway with 50,000 vehicles per day. Very simply, our national and state resources are scarce and we should be able to use them as efficiently as possible, without compromising safety.

Transportation Needs in Rural and Urban Areas. I am very concerned that the highway program debate has assumed an urban versus rural tone. We are troubled by some comments which advocate redirecting resources to a so-called "Highway System of National Significance", because, when closely examined, these comments threaten to undermine our government's longstanding commitment to a NATIONAL system. We are concerned that such legislative proposals would have the Federal government effectively abandon support for our rural highway system while investing billions in an effort to cut commuting times in urban areas.

We understand the need for increased spending in metropolitan areas, but we believe rural needs are equally as important. We feel it is imperative for the new national transportation policy to strongly advocate preserving the Federal

role in rural highways, including farm to market roads, which are critical for many reasons, including helping to minimize our international trade deficit.

The national transportation system was built on the concept of access. It was believed that the ability for people and goods to travel efficiently was a national concern. To this end, Congress provided incentives for railroads to extend their tracks into undeveloped areas and, in 1916, established a more pro-active Federal role in highways. When it was decided to build an interstate highway system, the Federal government assumed the controlling role and Congress established funding mechanisms based on the cost of building and maintaining a system of highways to provide access for a fast-growing nation.

It was recognized that highways in South Dakota had national, as well as state and local roles, and the highway systems within each jurisdiction were developed accordingly. As it developed, the national highway system came to be composed of two components: highways serving interstate transportation and highways providing for the transportation of nationally significant commodities. I mentioned previously that our interstate and primary highways are more than required for our local needs, facilitating cross-country travel in the national economic and defense interest. The transportation of major commodities is also important, as it links agricultural producers with the marketplace. We must never lose sight of the Federal role in transporting nationally significant commodities such as food, forest products, coal and minerals. Farm to market transportation is critical, not only for basic human needs such as food and shelter, but also for our national economy.

Consider the Bureau of the Census report that, for 1987, South Dakota was one of the few states whose exports exceeded imports, which reflects our role as a producer for the nation, not as a borrower or a consumer. More generally, the agricultural sector is not a contributor to the huge trade imbalance -- so states like South Dakota are holding their own in the great global trade battle. But if America disinvests in transportation in rural America, the competitiveness of our agricultural sector will be adversely affected. Thus, any reduction in Federal transportation spending in our productive region would be an exercise in false economy.

Rural America must not be financially abandoned by its Federal partner now that the highway construction phase is largely behind us. From this point on, our focus must be for the Highway Trust Fund to provide both rural and urban states with sufficient funds to maintain their current Federal-aid highway systems. For the Trust Fund to do any less is to break the faith with those who depend on these highways, and to abandon the precepts on which the highways were built. Abandonment is not compatible with the partnership concept that has served America so well.

In short, now is not the time for the Federal government to change the rules, re-direct the funds and abandon rural roads. It is unacceptable and unfair to redefine the Federal-aid system as an excuse for reducing funding for rural roads in order to spend more in urban areas which already enjoy greater resources.

Let me put it in perspective. More Federal funds will be spent on Boston's central artery and third harbor crossing projects than have been spent on highway transportation in South Dakota's history. We are not complaining about Boston. All we ask is that a similar commitment be made to the needs of our area, needs which reflect both our status as a contributor of agricultural exports and the demands placed on us by Federal requirements -- demands which have required us to build and maintain a bigger system than we would have on our own. The current Federal-aid highway program is basically successful, workable, fair and affordable. We agree that urban congestion should be reduced. However, this should not be achieved by reducing the already small portion of Federal expenditures made in rural states when those expenditures are required to solve problems just as critical to our overall economy. It makes no sense to solve one problem and create another.

A Multi-modal Approach to Transportation. The multi-modal concept is extremely important. In the past, surface transportation bills have been known as "highway bills" because they addressed only highways and transit. If the next "highway bill" includes only highways and transit, then we will have ignored two basic facts about transportation in America.

First, we cannot economically afford to ignore a multi-modal approach to our transportation problems, since each mode performs a unique function. This does not mean, however, that these functions are completely independent, as some freight traffic can move effectively by either rail or truck. However, if rail service to the export grain markets, for example, is not available, producers

and merchandisers are forced to find alternative markets because trucking or other alternative transportation to those distant markets from the Midwest is probably not affordable. Therefore, the multi-modal approach is particularly necessary for rural America and for those who depend on its products.

Second, as taxpayers, we cannot afford to build highways as the solution to all our transportation problems. Just as highways cannot serve all our needs, we cannot afford to build and maintain a limitless system of highways because, if for no other reason, there are practical limits to the fuel taxes drivers will pay and what Congress and our state legislatures will impose.

This fact is difficult to accept because building highways has been, and will continue to be, viewed as a sign of progress and prosperity. However, we are learning that there are limits to our ability to build and maintain, and also that there are rewards, as public officials, to delivering effective transportation systems within America's ability to pay.

A multi-modal approach is not only a requirement for rural America. To the contrary, each area of the country needs its own combination of transportation services and capacity, and rural America must depend on these other areas to establish the transportation systems appropriate for their needs.

For example, cities need transit; ports and waterways need locks, dams, and dredging; and we all need capacity on our highways. Similarly, we need inter-city rail passenger service in heavily traveled corridors and between

major points, as well as a rail system to move bulk commodities and commodities in bulk. We also need a system of adequate local roads to connect producers, processors, and consumers.

Finally, I note that the initiatives we recommend today will benefit the entire country, not just rural America. Rural America originates many bulk products -- grain, coal, timber, minerals -- well suited for rail transport. Those products are important to the economy and to the U.S. balance of trade. If the products of rural America cannot be delivered efficiently to national and international markets, U.S. business will lose markets to foreign producers who can reach those markets less expensively. So, while some of the commodities moved by rail originate in rural America, it is important to the entire nation's economic picture that those goods move as efficiently as possible -- and we can and must do better than we are doing today.

Proposals to Restructure the Federal-Aid Highway Program. There are many proposals to significantly change the Federal-aid highway program. The most well known proposals are being advanced by the American Association of State Highway and Transportation Officials (AASHTO), and similar proposals are expected from the Federal Highway Administration. As I explained at the outset, South Dakota sees little need for such sweeping change.

More importantly, we are deeply troubled by proposals which would separate the Federal-aid highway system into a "Highway System of National Significance" and a catch-all category of all other highways called the "Flexible Highway

Program". We understand that the National System would consist only of interstate and some principal arterial highways. Fifty percent of a state's Federal funding would be provided to the National System and fifty percent would be provided to its Flexible System. The fallacy of this concept is that a disproportionate share of a rural state's highways will be included in its Flexible System and there will be insufficient funding to meet their needs. Further, the proposed "formulas" would apportion to South Dakota and other rural states much less Federal funding than currently received. Consequently, these proposals have been combined with a "hold harmless" feature which would insure that no state receives less funding than it receives in the last year of the current highway program, regardless of what the distribution would otherwise provide.

We are very uncomfortable with any such approach to the next highway program because (1) it appears to be leading toward abandonment of Federal responsibility for part of the Federal-aid highway system, (2) it asks states like South Dakota to trust a hold harmless concept that we perceive is vulnerable to the political process, particularly in future years, (3) it abandons the use of formulas which, we believe, fairly allocate funds to all states, including rural ones, and (4) it breaks the faith with states that built highway systems that serve national more than local needs. We agree that high traffic volume is a problem, but we don't agree that it, alone, qualifies a highway for inclusion in a national system. As my friends in North Dakota observe, "Traveling from Baltimore to Washington is a national issue, but commuting from Dundalk to Baltimore is a local issue".

South Dakota, as an AASHTO member, necessarily participated in the AASHTO process which developed these proposals and we successfully advanced modifications which, we believe, improved the proposals from earlier versions. We believe the proposal calls for far more change than is warranted and could prove to be unfair to rural states. And if any proposal is unfair by, for example, abandoning rural America, I would agree, Senator Baucus, that the proposal should be "dead on arrival".

Highway Tax Exemptions. We believe that highway tax exemptions should be limited to those areas that produce benefits for highway programs or the travelling public. For example, while gasohol consumption may have national benefits, these benefits do not accrue to the highway program and should, therefore, not be financed through the Trust Fund.

Diversion of Highway User Fees. Highway user fees should be dedicated to preserving and improving the highway system. South Dakota has a Constitutional provision which requires this dedication, and, if necessary, Congress should pursue a similar provision to protect the integrity of the Highway Trust Fund. South Dakota particularly opposes using highway user fees for deficit reduction purposes. There are a host of reasons why that would be a bad idea, but chief among them is that such a tax would fall most heavily on rural citizens who, compared to their metropolitan friends, must travel farther to work, to shop, for recreation and for health care. We are particularly pleased that so many in Congress oppose that form of tax increase. We also oppose any increase in

the current diversion of highway funds to transit (except to the extent a state might choose to spend highway funds for such purposes).

Highway Sanctions. In recent years, Congress has used the highway program to force states to adopt policies such as the 21-year-old drinking age and outdoor advertising control. At last count, there were 15 separate sanctions, with legislation proposed for two new ones. We suggest that sanctions are not the appropriate method of imposing requirements on the states and that some alternative should be implemented.

Agricultural/Industry Transportation Needs. Earlier in this statement I have addressed rural transportation needs, and much of this discussion could be repeated here for agricultural transportation. I would simply emphasize that the health of our agricultural economy is a national issue and that a legitimate and important national interest exists in farm to market transportation. Agriculture makes an enormous contribution to our personal needs, our domestic economy and our international relationships. But the role

of agriculture would be significantly diminished if we abandon the Federal interest in farm to market transportation. This commitment has helped develop our agricultural and rural economy and it must be maintained for that role to continue.

Alternative Financing. While we support the concept of alternative financing, as a rural state we have few opportunities to utilize such programs.

Similarly, bond financing supported by tolls is not feasible on our relatively low volume roads.

Speed Limit. South Dakota endorses the 65 mile per hour speed limit on rural interstates and a 55 mile per hour speed limit on urban sections. We have carefully studied accident rates and traffic counts to determine if portions of our rural interstate should also have a 55 mile per hour limit. We determined that, with the exception of a seven mile section of rural interstate near Rapid City, a 65 mile per hour speed limit is appropriate.

Statistical evidence has not been tabulated over a sufficient length of time to adequately determine the relative safety of the higher speed limit. It is also important to remember that speed is not the only cause of accidents and fatalities. In comparison, drunken and inattentive driving is a much larger problem.

Truck Size and Weight. Changes in truck size and weight regulations have often been adopted as part of legislation to re-authorize the Federal-aid highway program. Improved transportation efficiency is usually the motivation for these changes, and efforts are made to insure that the beneficiaries of these changes pay for any additional wear and tear they inflict on the highway system. Many studies have attempted to determine whether highway users do, indeed pay the appropriate amounts for the opportunity to use the highways and, although these studies report widely varying results, there is sufficient reason to question whether all truck configurations are taxed fairly.

We recommend that Congress proceed cautiously if additional truck size and weight increases are proposed and, if they are adopted, the beneficiaries must pay their fair share. Further, we recommend Congress correct any inequities in the current tax structure for motor carriers. Finally, we endorse uniformity in state motor carrier regulations and pledge to do our best to achieve this goal.

Conclusion. In conclusion, I urge the Committee to retain a clear perspective of the direction taken by upcoming highway legislation. Although, as a factual matter, the highway program is undergoing a transition from interstate construction to highway preservation, that does not mean that traditional principles should be abandoned. To the contrary, it is vitally important and fully appropriate that we begin this new era by reaffirming the same guiding principles of fairness and commitment to all regions of the nation that have characterized the past 30 years.

These principles include commitment to a system of highways across America to serve interstate transportation and the transportation of nationally significant commodities. They include a commitment to highway users and national defense, and they include a commitment to provide a transportation system to support economic and industrial development.

Much has been accomplished and great challenges lie ahead. The engineering challenges of maintaining and repairing our existing system are probably greater than the challenges we encountered to build it. We know the financial

challenges are greater than ever before. We can meet these challenges only by renewing the Federal-state partnership and working together to achieve our goals to provide the transportation system America needs and deserves.

Finally, South Dakota greatly appreciates the opportunity to testify before this Committee. We wish you well in your deliberations and urge you to call on us if there is anything we can do to support your efforts.

TESTIMONY BY

GARTH F. DULL, DIRECTOR
NEVADA DEPARTMENT OF TRANSPORTATION

BEFORE SENATOR BAUCUS
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE

NOVEMBER 11, 1989

LEWISTOWN, MONTANA

GOOD AFTERNOON, MY NAME IS GARTH DULL, DIRECTOR OF THE NEVADA DEPARTMENT OF TRANSPORTATION. I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU AND PRESENT OUR CONCERNS FOR THE REAUTHORIZATION OF THE FEDERAL-AID HIGHWAY PROGRAM.

THIS IS TO ADDRESS AN ISSUE THAT IS OF INCREASING CONCERN TO NEVADA, AS WELL AS MANY OTHER STATES. THE ISSUE HAS TO DO WITH THE EVOLUTION OF THE 2020 TRANSPORTATION PROPOSALS WHICH ARE BEING DEVELOPED BY AASHTO, FHWA AND THE HIGHWAY USERS FEDERATION IN CONJUNCTION WITH THE TRANSPORTATION INDUSTRY TO INFLUENCE THE FUTURE OF THE FEDERAL-AID HIGHWAY PROGRAM.

OUR CONCERN IS THAT THE PROPOSALS, IF ADOPTED AS THEY ARE PRESENTLY WRITTEN, COULD SEVERELY AFFECT NEVADA'S FEDERAL-AID HIGHWAY SYSTEM. IN FACT, THE VIABILITY AND WELL-BEING OF THE NATION'S TRANSPORTATION SYSTEM COULD BE IN JEOPARDY. A LARGE PORTION OF THE FEDERAL-AID HIGHWAY PROGRAM WHICH HAS EVOLVED OVER 30 YEARS WILL BE GENERALLY ABANDONED IF THE CURRENT PROPOSALS ARE ADOPTED. SPECIFICALLY, NEVADA'S CONCERNS ARE AS FOLLOWS:

FEDERAL HIGHWAY SYSTEM

THE EVOLUTION OF THE FEDERAL HIGHWAY SYSTEM HAS OCCURRED OVER A PERIOD OF MORE THAN 30 YEARS. THE SYSTEM IN ITS PRESENT FORM CARRIES THE LION'S SHARE OF TRAFFIC AND GOODS. IT IS BASED ON A PREMISE THAT AN ADEQUATE SYSTEM OF HIGHWAYS BE MAINTAINED TO PROVIDE FOR THE MOVEMENT OF PEOPLE AND GOODS FROM FARM OR FACTORY TO MARKET AND STATE TO STATE. TO ACCOMPLISH THIS OBJECTIVE, FOUR SYSTEMS OF HIGHWAYS WERE DEVELOPED; THE INTERSTATE, PRIMARY, SECONDARY AND URBAN SYSTEMS.

FEDERAL HIGHWAY SYSTEMS - CONTINUED

UNDER THE 2020 PROPOSALS, ALL OF THE SECONDARY AND URBAN SYSTEMS AND A PORTION OF THE PRIMARY SYSTEM WOULD DISAPPEAR. NO LONGER WOULD FEDERAL FUNDS BE SPECIFICALLY PROVIDED TO ADDRESS EACH OF THE SYSTEMS.

THE FHWA PROPOSAL CALLS FOR A HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE. UNDER CRITERIA DEVELOPED BY FHWA AND AASHTO, A HSNS WOULD CONSIST OF THE INTERSTATE AND A PORTION OF THE PRIMARY. THE REMAINDER OF THE PRIMARY, SECONDARY AND URBAN SYSTEMS WOULD BASICALLY BE PART OF A "BLOCK GRANT" OR "TURN BACK" PROGRAM. THIS APPROACH DOES NOT COME NEAR ADDRESSING THE NEEDS OF MANY WESTERN STATES WITH VAST GEOGRAPHICAL AREAS, SMALL POPULATIONS AND LESS DENSE USAGE CHARACTERISTICS. IN NEVADA, OUR CURRENT 5,400 MILE SYSTEM WOULD BE SPLIT WITH 2,400 MILES ON THE HSNS (UNDER THE MOST OPTIMISTIC PROPOSAL) AND 3,000 MILES UNDER THE "BLOCK GRANT" OR "TURN BACK" PROGRAM. THE "BLOCK GRANT" PROGRAM AS WE UNDERSTAND IT WOULD BE BASED ON A DOLLAR RETURNED FOR A DOLLAR CONTRIBUTED TO THE "TRUST FUND." ALSO, IT WOULD GRANT THE STATES TOTAL FLEXIBILITY IN ADMINISTERING THE PROGRAM, I.E., NO SPECIFIC URBAN/RURAL SPLIT, AND NO FEDERAL REQUIREMENTS TO COMPLY WITH CURRENT STANDARDS.

THE STATE OF NEVADA BELIEVES THAT THE FEDERAL GOVERNMENT HAS A CONTINUING RESPONSIBILITY FOR THE INTERSTATE, PRIMARY, SECONDARY AND URBAN SYSTEMS AS THEY CURRENTLY EXIST. THESE SYSTEMS ARE NECESSARY IN MEETING NATIONAL DEFENSE NEEDS AND TO THE MOVEMENT OF INTERSTATE GOODS, PRODUCTS AND PEOPLE WHICH AFFECT THE NATIONAL ECONOMY. ALSO, MANY OF NEVADA'S FEDERAL-AID SECONDARY SYSTEM ROADS FUNCTION AS PRIMARY ROUTES FOR INTERSTATE AND DEFENSE TRAFFIC. THE FEDERAL GOVERNMENT CANNOT DIVORCE ITSELF FROM THESE RESPONSIBILITIES AND MOST STATES CANNOT AFFORD THE TOTAL COSTS OF CONSTRUCTING AND PRESERVING THESE NATIONALLY IMPORTANT SYSTEMS.

STANDARDS

THOSE SYSTEMS ABANDONED BY THE 2020 PROPOSALS WOULD NO LONGER BE SUBJECT TO FEDERAL CONTROL OVER STANDARDS, SPECIFICATIONS, POLICY AND CRITERIA FOR THE DESIGN, CONSTRUCTION AND MAINTENANCE. NO TWO STATES WOULD BE REQUIRED TO DESIGN OR CONSTRUCT CONSISTENTLY. PAST EXPERIENCE TELLS US THAT THIS WAS UNWORKABLE BEFORE THE FEDERAL REQUIREMENTS WERE IN EFFECT. IT WILL BE EQUALLY UNWORKABLE IN THE FUTURE. WITHOUT NATIONAL STANDARDS AND POLICIES, THE PROGRESS WE HAVE MADE IN REDUCED ACCIDENT AND FATALITY RATES WILL BE REVERSED.

FUNDING

THE CURRENT METHOD OF ALLOCATING USER FEES TO THE STATES WOULD CHANGE IN SUCH A WAY THAT THE LARGER STATES WOULD BENEFIT TO THE DETRIMENT OF THE LESS DENSELY POPULATED STATES, SUCH AS NEVADA. NEVADA, LIKE MOST LARGE, SPARSELY POPULATED STATES, HAS FOUND IT DIFFICULT TO MAINTAIN AN ADEQUATE HIGHWAY SYSTEM UNDER THE PRESENT FUNDING SCHEME. IT WOULD BE VIRTUALLY IMPOSSIBLE TO KEEP UP WITH THE SYSTEM UNDER THE NEW PROPOSALS EVEN THOUGH WE CURRENTLY HAVE THE HIGHEST GAS TAXES IN THE NATION.

ONE PROPOSAL WOULD ASSIGN 60 PERCENT OF THE FUNDS TO THE HSNS, WHICH WOULD BE MADE UP OF THE INTERSTATE AND A PORTION OF THE PRIMARY SYSTEM. EACH STATE WOULD BE GUARANTEED TO RECEIVE 90 PERCENT OF THE MONEY IT CONTRIBUTED TO THIS PROGRAM. PRESENT LAW GUARANTEES EACH STATE 85 PERCENT OF THEIR TOTAL USER FEES PAID WITHIN THAT STATE. THIS IN ITSELF REPRESENTS A 5 PERCENT INCREASE TO THE LARGER STATES, THE COST OF WHICH WILL HAVE TO BE BORNE BY THE SMALLER STATES.

FUNDING - CONTINUED

THE REMAINING 40 PERCENT OF THE MONEY WOULD BE TURNED BACK TO THE STATES TO DO WITH AS THEY PLEASE ("BLOCK GRANT"). ANY PUBLIC ROAD WOULD BE ELIGIBLE FOR FUNDING. IN NEVADA, UNDER PRESENT LAW, FEDERAL FUNDS MUST BE APPLIED TO 5,400 MILES OF HIGHWAY UNDER THE FEDERAL-AID SYSTEM. THIS SYSTEM CARRIES OVER 72 PERCENT OF THE VEHICLE MILES TRAVELED IN THE STATE OF NEVADA AND OVER 90 PERCENT OF THE HEAVY TRUCK TRAFFIC. UNDER THE 2020 PROPOSAL, 40 PERCENT OF THE MONEY WOULD BE ELIGIBLE TO BE SPENT ON ANY ONE OF THE 50,000 MILES IN THE PUBLIC DOMAIN IN THE STATE OF NEVADA. THIS WOULD SEVERELY AFFECT THE DEPARTMENT'S ABILITY TO ADDRESS THE HIGHER VOLUME ROADS AND THE ROADS OF STATEWIDE AND NATIONAL SIGNIFICANCE. ADDITIONALLY, THE ABSENCE OF CATEGORICAL FUNDING COULD CONCEIVABLY DESTROY THE BALANCE WE NOW HAVE BETWEEN URBAN AND RURAL AREAS.

THE FEDERAL HIGHWAY ADMINISTRATION'S NEW FEDERAL-AID PROGRAM BEING DEVELOPED PROPOSES FEDERAL PARTICIPATION RATES AS FOLLOWS:

<u>ELIGIBLE WORK</u>	<u>FEDERAL MATCH</u>
INTERSTATE 3R	90%
SYSTEM EXPANSION (NEW FACILITIES)	60%
SYSTEM OF NATIONAL SIGNIFICANCE	60%
NEW TOLL ROAD CONSTRUCTION	50%

IF THESE PARTICIPATION RATES BECOME PART OF THE NEXT HIGHWAY REAUTHORIZATION ACT, THE RESULT WILL BE A SIGNIFICANT REDUCTION IN STATE GENERATED FUNDS AVAILABLE FOR MAINTENANCE.

FUNDING - CONTINUED

PRESERVATION OF AMERICA'S EXISTING SURFACE TRANSPORTATION SYSTEM SHOULD BE THE PRIMARY GOAL OF ANY FUTURE NATIONAL TRANSPORTATION PROGRAM SINCE IT IS THIS SYSTEM WHICH PROVIDES THE BASIC NETWORK UPON WHICH THIS NATION'S ECONOMIC HEALTH AND INTERNATIONAL VITALITY DEPEND.

IT IS EASY TO UNDERSTAND WHY THE LARGE STATES SUPPORT THE AASHTO 2020 PROPOSAL AS IT IS NOW PRESENTED. THE COMBINED EFFECT OF THIS PROPOSAL IS THAT THE LARGER STATES WOULD RECEIVE BACK 94 PERCENT OF THE MONEY PAID IN FEDERAL TAXES IN THEIR STATES. THIS IS WELL IN EXCESS OF THE 85 PERCENT THEY ARE PRESENTLY GUARANTEED. SMALL STATES, LIKE NEVADA, WOULD SUFFER UNDER THIS PROPOSAL. SINCE THE FEDERAL HIGHWAY SYSTEM CAME INTO EFFECT, NEVADA HAS RECEIVED OVER TWO DOLLARS FOR EVERY DOLLAR OUR TAXPAYERS HAVE PAID IN USER FEES. WE CURRENTLY RECEIVE APPROXIMATELY ONE DOLLAR AND FORTY CENTS FOR EVERY DOLLAR CONTRIBUTED. CONSIDERING NEVADA IS A BRIDGE STATE (i.e., MOST OF THE TRAFFIC IS FROM PEOPLE OR GOODS WITH A DESTINATION IN EITHER CALIFORNIA OR EAST OF NEVADA), IT IS APPROPRIATE THAT STATES BENEFITING FROM THESE HIGHWAYS SHOULD CONTRIBUTE TOWARD THEIR CONSTRUCTION AND MAINTENANCE.

IT SHOULD ALSO BE NOTED THAT THE LARGE STATES HAVE ALREADY SEEN A TREMENDOUS INCREASE IN THEIR SHARE OF FEDERAL FUNDS. IN 1982, WHEN THE FEDERAL GAS TAX WAS RAISED BY 5 CENTS, THE LAW WAS CHANGED TO GUARANTEE THE LARGER STATES AT LEAST 85 PERCENT OF THE MONIES THEY HAD PAID IN TAXES. PRIOR TO THAT, THEY WERE RECEIVING BACK CONSIDERABLY LOWER PERCENTAGES SINCE THE MONEY WAS DISTRIBUTED ON THE BASIS OF A FORMULA WHICH INCLUDED LANE MILES OF HIGHWAY WITHIN EACH STATE.

FUNDING - CONTINUED

BY FAR, THE LION'S SHARE OF THE INCREASED TAXES PAID BY EVERY CITIZEN IN THIS COUNTRY WENT TO THE LARGER STATES. SOME STATES SAW INCREASES IN THEIR FEDERAL HIGHWAY PROGRAMS IN THE HUNDREDS OF MILLIONS OF DOLLARS. NOW THE LARGER STATES ARE ATTEMPTING TO RETURN TO THE TROUGH FOR EVEN A LARGER SHARE WHICH FURTHER REDUCES OUR ABILITY TO SUPPORT A NATIONAL TRANSPORTATION SYSTEM.

HIGHWAY TRUST FUND

THE FEDERAL HIGHWAY TRUST FUND SHOULD BE MADE PERMANENT, REMOVED FROM THE UNIFIED BUDGET PROCESS AND RELEASED FROM OBLIGATION LIMITATIONS. ALL INTEREST EARNED, ALONG WITH EXISTING BALANCES BEYOND THOSE PROVIDING AN ADEQUATE CASH FLOW CUSHION, SHOULD BE RELEASED TO THE STATES AND LOCAL GOVERNMENTS TO FUND NEEDED SURFACE TRANSPORTATION IMPROVEMENTS. INCREASED FEDERAL REVENUES ARE NECESSARY TO CARRY OUT THE NEEDS OF THE FUTURE FEDERAL SURFACE TRANSPORTATION PROGRAM.

FUNDING FOR TRANSPORTATION IS MUCH TOO IMPORTANT TO TURN OVER TO THE INDIVIDUAL STATES. AN INCREASE IN FEDERAL USER FEES IS NECESSARY IN ORDER TO PRESERVE AND ENHANCE OUR NATIONAL TRANSPORTATION SYSTEM.

A GAO REPORT (REQUESTED BY SENATOR ROBERT BYRD TO DETERMINE IF CURRENT AUTHORIZATIONS COULD BE INCREASED) CONCLUDED THAT THE HIGHWAY TRUST FUND "COULD SUPPORT A HIGHER LEVEL OF PROGRAM ACTIVITY BY INCREASING THE COMMITMENTS CURRENTLY AUTHORIZED."

HIGHWAY TRUST FUND - CONTINUED

IT IS COMMON KNOWLEDGE THAT THE HIGHWAY TRUST FUND COMMITMENTS HAVE BEEN LESS THAN REVENUES IN ORDER TO HELP REDUCE THE OVERALL NATIONAL BUDGET DEFICIT. IN THAT HIGHWAY USER FEES ARE DEDICATED REVENUES, THIS HAS RESULTED IN A SURPLUS IN THE HIGHWAY TRUST FUND. REMOVING THE HTF FROM THE UNIFIED BUDGET PROCESS WOULD ELIMINATE THE DECEPTION OF BUDGET DEFICIT REDUCTION AND INCREASE FUNDING FOR THE NATION'S CRITICAL TRANSPORTATION NEEDS. ADDITIONALLY, EXEMPTIONS FOR ALTERNATIVE FUELS SHOULD BE ELIMINATED.

CONCLUS.

IN CONCLUSION, NEVADA IS NOT ALONE IN ITS OPPOSITION TO THE AASHTO 2020 CONSENSUS AS PRESENTLY PROPOSED. THE WESTERN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (WASHTO), AS WELL AS MANY OTHER STATES AND THE WESTERN GOVERNOR'S ASSOCIATION HAVE AGREED TO OPPOSE MUCH OF THE AASHTO 2020 PROPOSAL. I STRONGLY REQUEST YOUR FULL SUPPORT FOR A FUTURE FEDERAL AID PROGRAM WHICH WILL EMBRACE THE SAME BASIC SYSTEMS AND PROGRAMS AS THE ONES THAT EXIST TODAY. MANY IMPROVEMENTS CAN AND SHOULD BE MADE WHICH WILL INCREASE EFFICIENCY AND FLEXIBILITY WITHOUT SACRIFICING THE BASIC CONCEPTS THAT HAVE MADE THE CURRENT PROGRAM SO SUCCESSFUL.

I TRUST THESE COMMENTS WILL BE OF USE TO THE COMMITTEE IN YOUR EFFORTS TO EXTEND THE HIGHWAY PROGRAM. I STAND PREPARED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE EITHER NOW OR LATER.

TESTIMONY OF EUGENE H. FINDLAY, PRESIDENT OF THE
WESTERN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION
OFFICIALS BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND
PUBLIC WORKS FIELD HEARING IN LEWISTOWN, MONTANA
11 NOVEMBER 1989

THE HONORABLE MAX BAUCUS, UNITED STATES SENATOR
AND LADIES AND GENTLEMEN:

I DEEPLY APPRECIATE THIS OPPORTUNITY TO TESTIFY BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS CONCERNING THE FEDERAL-AID HIGHWAY PROGRAM THAT SHOULD BE ADOPTED AFTER THE CURRENT FEDERAL HIGHWAY PROGRAM EXPIRES IN 1991.

I BELIEVE THE ISSUES SURROUNDING PRESERVATION OF OUR TRANSPORTATION INFRASTRUCTURE AND MODIFYING IT TO MEET THE 21ST CENTURY NEEDS OF THIS NATION IS PERHAPS THE MOST SIGNIFICANT DOMESTIC ISSUE THAT WILL FACE THE UNITED STATES CONGRESS IN THE NEXT TWO OR THREE YEARS. THE PHENOMENAL ECONOMIC GROWTH AND STRENGTH OF THIS NATION HAS BEEN BUILT ON THE TRANSPORTATION SYSTEM INFRASTRUCTURE THAT IS NOW TAKEN FOR GRANTED BY MOST AMERICANS. HOWEVER, EACH DAY WE READ OF NEW SITUATIONS THAT INDICATE THAT WE CAN NO LONGER IGNORE THE INFRASTRUCTURE NEEDS, AND THAT WE NOW MUST INVEST AS DID THOSE WHO PROCEEDED US IN AN INFRASTRUCTURE THAT WOULD CARRY THE NATION'S ECONOMY AND WELL-BEING INTO THE 21ST CENTURY. IF WE FAIL TO DO THIS, WE CAN EXPECT INCREASING CONGESTION AND GRID-LOCK IN OUR MAJOR METROPOLITAN AREAS, A CONTINUED DETERIORATION OF OUR HIGHWAYS IN THE RURAL PARTS OF OUR COUNTRY, AND STAGNATION OF OUR ECONOMIC WELL-BEING BECAUSE OF OUR INABILITY TO MOVE

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GOODS AND PEOPLE TO SATISFY THE VIBRANT AND ACTIVE ECONOMY NEEDED TO COMPETE IN THE INTERNATIONAL MARKET PLACE.

I BELIEVE THAT THE NEW FEDERAL-AID HIGHWAY PROGRAM MUST FIT IN THE CONTEXT OF THE OVERALL MULTI-MODAL TRANSPORTATION NEEDS OF THE COUNTRY. WHILE IT IS VITAL THAT WE HAVE AN EXCELLENT PROGRAM FOR PROVIDING FOR HIGHWAYS, WE NEED ALSO TO REMEMBER THAT HIGHWAYS CONNECT RAIL HEADS, SHIPPING PORTS AND AIRPORTS, THAT PLAY A SIGNIFICANT ROLE IN THE MOVEMENT OF PEOPLE AND GOODS THROUGHOUT THE COUNTRY AND THE WORLD. I BELIEVE THE CONCEPT OF AN INTERSTATE SYSTEM WHICH PROVIDES FOR FREE MOVEMENT OF PEOPLE AND GOODS BETWEEN MAJOR METROPOLITAN AREAS OF THE UNITED STATES IS EXCELLENT, BUT THIS ALSO NEEDS TO BE SUPPORTED BY THE MANY LESS RECOGNIZED ARTERIALS WHICH CARRY PEOPLE AND GOODS BETWEEN THE RURAL AREAS OF AMERICA TO THE MAJOR MARKET CENTERS.

IN A RECENT MEETING OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (AASHTO), POLICY RECOMMENDATIONS ON THE DIRECTION OF THE FUTURE FEDERAL SURFACE TRANSPORTATION PROGRAM WAS ADOPTED BY THE TRANSPORTATION CHIEF ADMINISTRATIVE OFFICERS OF ALL OF THE MEMBER STATES. IT CULMINATED OVER THREE YEARS OF WORK BY A SPECIAL TASK FORCE APPOINTED BY AASHTO OFFICIALS AND RECEIVED CONSIDERABLE DISCUSSION AMONG THE HIGHWAY OFFICIALS OF THE NATION. IT IS A COMPROMISE DOCUMENT, ONE WHICH DID

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NOT SATISFY EVERYONE, BUT ONE WHICH RECOGNIZED THE NEED FOR GIVE AND TAKE, AND AS A RESULT RECEIVED CONCURRENCE BY ALL BUT TWO OF THE FIFTY STATES. AS PRESIDENT OF THE WESTERN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (WASHTO), I SUPPORT THE AASHTO RECOMMENDATIONS CONTAINED IN THE DOCUMENT TITLED "NEW TRANSPORTATION CONCEPTS FOR A NEW CENTURY" AS AMENDED IN THE ANNUAL AASHTO MEETING ON 7 AND 8 OCTOBER 1989 IN ATLANTA, GEORGIA.

I HAVE SUMMARIZED WHAT I BELIEVE ARE THE KEY ISSUES AND RECOMMENDATIONS FROM THE AASHTO DOCUMENT AS FOLLOWS:

NATIONAL SURFACE TRANSPORTATION GOALS. AASHTO HAS IDENTIFIED SEVEN NATIONAL TRANSPORTATION GOALS AS FOLLOWS:

1. PRESERVATION: PRESERVATION OF AMERICA'S EXISTING SURFACE TRANSPORTATION SYSTEM SHOULD BE THE PRIMARY GOAL OF ANY FUTURE NATIONAL TRANSPORTATION PROGRAM SINCE IT IS THIS SYSTEM WHICH PROVIDES THE BASIC NETWORK UPON WHICH THIS NATION'S ECONOMIC HEALTH AND INTERNATIONAL VITALITY DEPEND.
2. CONGESTION: A BALANCED APPROACH TO INCREASING CAPACITY AND REDUCING CONGESTION ON THIS NATION'S SURFACE TRANSPORTATION SYSTEM SHOULD BE EMPLOYED, INCLUDING AN APPROPRIATE MIX OF HIGHWAYS AND TRANSIT, AND A THOUGHTFUL APPLICATION OF SYSTEMS MANAGEMENT TECHNOLOGIES AND DEMAND MANAGEMENT TECHNIQUES.

4-4-4

3. FUNDING: USER AND BENEFITTER FEES, SET AT AN APPROPRIATE LEVEL TO COVER THE ECONOMIC COST OF THE SURFACE TRANSPORTATION FACILITIES AND SERVICES PROVIDED, SHOULD BE DEDICATED SOLELY TO THE FUNDING OF TRANSPORTATION IMPROVEMENTS. GENERAL FUND COMMITMENTS TO PUBLIC TRANSPORTATION SHOULD CONTINUE.
4. SAFETY: THE SAFETY OF AMERICANS, USING THE SURFACE TRANSPORTATION FACILITIES AND SERVICES, SHOULD BE PRESERVED AND ENHANCED THROUGH THE CONTINUED NATIONAL COMMITMENT TO SAFETY RESEARCH, SAFETY APPLICATIONS AND SAFETY PROJECTS.
5. ACCESS AND BALANCE: THE NATIONAL SURFACE TRANSPORTATION SYSTEM SHOULD BE COMPRISED OF A BALANCED, INTEGRATED AND COORDINATED MULTIMODAL NETWORK OF FACILITIES AND SERVICES WHICH PROVIDE AN ADEQUATE LEVEL OF ACCESS TO ALL OF THE VARIOUS REGIONS OF THIS NATION.
6. PLANNING AND RESEARCH: THIS NATION SHOULD CONTINUE TO COMMIT SUFFICIENT FUNDING TO TRANSPORTATION PLANNING AND RESEARCH TO ENSURE THAT ESTABLISHED GOALS ARE MET, THAT FUTURE OPTIONS DO NOT GET PRECLUDED, AND THAT NEW TECHNOLOGIES ARE DEVELOPED AND APPLIED TO TRANSPORTATION INFRASTRUCTURE IN A TIMELY MANNER.

5-5-5

7. ECONOMIC VITALITY: THE NATIONAL SURFACE TRANSPORTATION PROGRAM SHOULD PRESERVE AND ENHANCE THE ECONOMIC VITALITY OF THIS NATION BY PROVIDING EMPLOYMENT, REDUCING TRANSPORT COSTS, IMPROVING FREIGHT MOVEMENT PRODUCTIVITY, REVITALIZING RURAL AMERICA, REJUVENATING BLIGHTED URBAN AREAS, SUPPORTING EXISTING LAND USES, ATTRACTING ECONOMIC DEVELOPMENT, PROVIDING TRANSPORTATION FOR RAPIDLY GROWING REGIONS, AND IMPROVING INTERNATIONAL COMPETITIVENESS.

TO ACCOMPLISH THE ABOVE GOALS, THE FOLLOWING SPECIFICS ARE RECOMMENDED:

1. SYSTEM OF NATIONAL SIGNIFICANCE

THE FEDERAL ROLE IN SURFACE TRANSPORTATION SHOULD FOCUS ON A SYSTEM OF FACILITIES AND SERVICES WHICH ARE SIGNIFICANT TO THE ECONOMIC HEALTH AND INTERNATIONAL VITALITY OF THIS NATION.

SUCH A SYSTEM SHOULD BE COMPRISED OF ALL OF THE EXISTING INTERSTATE HIGHWAY SYSTEM AND AN APPROPRIATE PORTION OF THE PRINCIPAL ARTERIAL SYSTEM AS REDEFINED AND THE ASSOCIATED BRIDGES, AS WELL AS THE PUBLIC TRANSPORTATION FACILITIES AND SERVICES WHICH KEEP THIS NATION'S MAJOR CITIES MOVING.

6-6-6

UNDER THE AASHTO PROPOSAL, THE PROGRAM FOR ADMINISTERING THIS SYSTEM WOULD BE KNOWN AS THE CATEGORICAL HIGHWAY PROGRAM AND THE CATEGORICAL TRANSIT PROGRAM.

2. ISSUES OF NATIONAL SIGNIFICANCE

BEYOND THE FOCUS ON THE HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE AND ON THE MAJOR TRANSIT PROJECTS, THE FEDERAL ROLE SHOULD BE TO ALLOW THE STATES AND LOCAL GOVERNMENTS FLEXIBILITY IN IDENTIFYING AND IMPLEMENTING SPECIFIC SURFACE TRANSPORTATION SOLUTIONS APPROPRIATE TO THE REGIONAL/LOCAL NEED. THESE SOLUTIONS SHOULD ALSO SERVE TO ADDRESS TRANSPORTATION ISSUES OF NATIONAL SIGNIFICANCE.

AASHTO BELIEVES THE DOMINANT ISSUES OF NATIONAL SIGNIFICANCE TO BE URBAN MOBILITY, SUBURBAN CONGESTION, RURAL ACCESS, AND MODAL INTERLINKS. TRADEOFFS AMONG ISSUES LIKE TRANSPORTATION SAFETY, AIR QUALITY, PRESERVATION, BALANCE, PUBLIC TRANSPORTATION, AND RURAL AND URBAN ECONOMIC VITALITY SHOULD BE DETERMINED AT THE STATE AND LOCAL LEVELS.

UNDER THE AASHTO PROPOSAL, THE PROGRAM FOR ADMINISTERING THESE ISSUES WOULD BE KNOWN AS THE FLEXIBLE HIGHWAY PROGRAM AND THE FLEXIBLE TRANSIT PROGRAM.

FOR THE FLEXIBLE HIGHWAY PROGRAM, FUNDS SHOULD BE ADMINISTERED AND COORDINATED ON A STATEWIDE BASIS UNDER THE DIRECTION OF STATE OFFICIALS. FOR THE FLEXIBLE TRANSIT PROGRAM, FUNDS SHOULD BE ADMINISTERED AND

7-7-7

COORDINATED ON A STATEWIDE BASIS UNDER THE DIRECTION OF STATE OFFICIALS. FOR THE FLEXIBLE TRANSIT PROGRAM, FUNDS SHOULD BE ADMINISTERED IN THE SAME MANNER AS THEY ARE TODAY UNDER UMTA'S CORRESPONDING TRANSIT FORMULA PROGRAMS. ANNUAL REPORTS SHOULD BE REQUIRED FROM EACH STATE TO ASSURE THAT THE FEDERALLY ADOPTED "ISSUES OF NATIONAL SIGNIFICANCE" ARE BEING ADDRESSED THROUGH EXPENDITURES OF THESE FEDERAL HIGHWAY AND TRANSIT FUNDS.

3. THE ALLOCATION OF FUNDS

FAIR, STRAIGHTFORWARD AND SIMPLE FORMULAS AND EQUITABLE DISCRETIONARY GUIDELINES SHOULD BE USED TO ALLOCATE REVENUES COLLECTED AT THE FEDERAL LEVEL TO STATE AND LOCAL UNITS OF GOVERNMENT.

CATEGORICAL HIGHWAY PROGRAM

UNDER THE CATEGORICAL HIGHWAY PROGRAM, SOME DONOR/DONEE RELATIONSHIP WILL NEED TO CONTINUE. THE DONOR/DONEE RELATIONSHIP WILL PROVIDE LARGE, SPARSELY POPULATED STATES WITH THE ABILITY TO FUND PROJECTS ON THE SYSTEM OF NATIONAL SIGNIFICANCE (INTERSTATE AND PART OF THE EXISTING PRIMARY), EMERGING GROWTH REGIONS WITH THE ABILITY TO FUND NEEDED TRANSPORTATION IMPROVEMENTS, WHILE STILL PROVIDING DENSELY POPULATED AREAS WITH THE ABILITY TO FUND URBAN HIGHWAY PROJECTS.

8-8-8

THROUGH A HOLD HARMLESS PROVISION, NO STATE SHOULD RECEIVE LESS THAN THE CURRENT HIGHWAY PROGRAM WOULD PROVIDE IN 1991 AS IF ALL STATES HAD COMPLETED THEIR INTERSTATE HIGHWAY SYSTEMS. TO ENSURE SOME DEGREE OF EQUITY OF FORMULA ALLOCATIONS, AN 85 PERCENT MINIMUM ALLOCATION PROVISION SHOULD BE ESTABLISHED AND THE EXISTING HALF PERCENT MINIMUM APPORTIONMENT RETAINED FOR THE CATEGORICAL HIGHWAY PROGRAM. IN THE EVENT FEDERAL HIGHWAY FUNDING IS INCREASED ABOVE THE 1991 LEVELS, AASHTO RECOMMENDS THAT EVERY STATE, INCLUDING HOLD HARMLESS STATES, SHOULD THEN RECEIVE AN INCREASE IN ITS ALLOCATION; THE PERCENTAGE GROWTH IN HIGHWAY ALLOCATION AMOUNTS FOR HOLD HARMLESS STATES SHOULD BE AT AN EQUITABLE PERCENTAGE GROWTH RATE. IN ADDITION, THE BASIC FORMULA FOR DISTRIBUTING CATEGORICAL HIGHWAY FUNDS SHOULD BE DRIVEN BY FACTORS, SUCH AS LANE MILES, TRAVEL (VMT) AND OTHER APPROPRIATE FACTORS.

FUNDING FOR THE FLEXIBLE HIGHWAY PROGRAM, WHICH WILL REPLACE ALL OTHER HIGHWAY CATEGORIES AND PROGRAMS NOW EXISTING AT THE FEDERAL LEVEL, SHOULD BE ALLOCATED STRICTLY ON A PRO RATA SHARE OF FEDERAL HIGHWAY TRUST FUND COLLECTIONS ATTRIBUTABLE TO EACH STATE AS A PROPORTION OF FEDERAL HIGHWAY TRUST FUND REVENUES COLLECTED THROUGHOUT THE NATION.

9-9-9

4. FUNDING LEVELS

AASHTO BELIEVES THE NATION MUST FIRST ASSURE THE ROUTINE PRESERVATION AND SAFE OPERATION OF ALREADY EXISTING HIGHWAYS AND ROADS, A TASK THAT ALONE WILL REQUIRE AN INVESTMENT OF SOME \$80 BILLION A YEAR TO ACHIEVE. THIS IS SOME \$14 BILLION MORE THAN THE COMBINED TOTAL OF \$66 BILLION IN FEDERAL, STATE AND LOCAL GOVERNMENTS SPENT ON THE DESIGN, CONSTRUCTION AND OPERATION OF THE NATION'S 3.9 MILLION MILES OF ROADS IN 1987.

TO PUT THIS \$80 BILLION INTO PERSPECTIVE, 1987'S TOTAL EXPENDITURE OF \$66 BILLION WAS EQUAL TO ABOUT 3.2 CENTS FOR EVERY MILE THAT AMERICANS DROVE THAT YEAR. AASHTO RECOMMENDS THAT THIS LEVEL OF 3.2 CENTS SHOULD BE INCREASED TO ABOUT 4 CENTS, JUST TO KEEP THE NATION'S EXISTING HIGHWAYS AND ROADS SAFE AND OPERATIONAL AND TO ADEQUATELY ACCOMMODATE MOST OF TODAY'S VEHICLE TRAFFIC.

ACCORDING TO AUTHORITATIVE SOURCES, IN 1988 IT COST 33.4 CENTS PER MILE TO OPERATE A PASSENGER VEHICLE. THIS MEANS THAT HIGHWAY AND ROAD EXPENDITURES AVERAGING 3.2 TO 4.0 CENTS PER MILE TRAVELLED ARE ABOUT 10 TO 12 PERCENT OF TOTAL CURRENT PER MILE PASSENGER VEHICLE OPERATING COSTS.

10-10-10

AASHTO BELIEVES THAT TO REASONABLY ACCOMMODATE EXPECTED INCREASES IN VEHICLE MILES TRAVELLED OVER THE PERIOD TO THE YEAR 2020 WILL REQUIRE A CONSIDERABLY HIGHER LEVEL OF FUNDING. TOTAL ANNUAL VEHICLE MILES OF TRAVEL HAVE ESSENTIALLY TRIPLED SINCE 1956, AND CONSERVATIVELY ARE EXPECTED TO DOUBLE BETWEEN NOW AND THE YEAR 2020. THE ASSOCIATION BELIEVES THAT TO KEEP THE NATION'S HIGHWAYS AND ROADS REASONABLY OPERATIONAL INTO THE NEXT CENTURY, THE NATION WILL NEED TO INVEST IN THEM TO A LEVEL OF ABOUT \$100 BILLION ANNUALLY, OR ABOUT 5 CENTS PER MILE AT TODAY'S TOTAL ANNUAL VEHICLE MILES OF TRAVEL.

THE FEDERAL FUNDING LEVEL FOR THE COMBINED HIGHWAY PROGRAMS SHOULD BE INCREASED OVER THE LIFE OF THE NEXT HIGHWAY AUTHORIZATION BILL. AASHTO RECOMMENDS THAT A GRADUAL INCREASE BE ENACTED WHICH WOULD BEGIN IN THE FIRST YEAR (F.Y. 1992) AT APPROXIMATELY \$18 BILLION AND RISE TO ABOUT \$26 BILLION BY THE LAST OF THE AUTHORIZATION (F.Y. 1995).

AASHTO SUPPORTS A 50%-50% SPLIT BETWEEN THE CATEGORICAL AND FLEXIBLE HIGHWAY PROGRAMS. AASHTO ADDITIONALLY RECOMMENDS THAT UP TO 20% OF A STATE'S TOTAL HIGHWAY APPORTIONMENT BE ELIGIBLE FOR TRANSFER EITHER WAS BETWEEN THAT STATE'S CATEGORICAL HIGHWAY PROGRAM AND THAT STATE'S FLEXIBLE PROGRAM WITHOUT FHWA APPROVAL.

11-11-11

AASHTO RECOMMENDS THAT TOTAL STATEWIDE URBAN AND RURAL LANE MILES, TOTAL STATEWIDE URBAN AND RURAL VEHICLE MILES OF TRAVEL AND OTHER APPROPRIATE FACTORS BE USED FOR THE STATE-BY-STATE FORMULA DISTRIBUTION OF FEDERAL CATEGORICAL HIGHWAY FUNDS, RATHER THAN USING FACTORS DIRECTLY RELATED TO THE HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE.

THE FORGOING IS MY BEST ATTEMPT TO SUMMARIZE THE AASHTO POLICY RECOMMENDATIONS ADOPTED IN ATLANTA, GEORGIA WHICH ALSO REPRESENTS WASHTO'S POSITION, 15 OF THE 17 WASHTO STATES VOTING IN FAVOR THEREOF. THE FULL AASHTO DOCUMENT SHOULD BE REVIEWED AND INCLUDED AS SUPPORT TO MY COMMENTS.

HOWEVER, THERE IS ONE MAJOR CONCERN WHICH WAS REJECTED BY THE MAJORITY OF THE AASHTO COMMITTEE, BUT SUPPORTED BY WASHTO, WHICH I THINK VITALLY AFFECTS THE INTEREST OF THE RELATIVELY SPARSELY POPULATED WESTERN STATES WHO HAVE SIGNIFICANT AREAS OWNED BY THE FEDERAL GOVERNMENT, AND WHICH ARE NOT AVAILABLE FOR THOSE STATES TO USE FOR DEVELOPMENT AND ESTABLISHING A TAX BASE TO SUPPORT THOSE STATES' INFRASTRUCTURE NEEDS. I BELIEVE IT IS VITAL THAT THOSE STATES SHOULD BE ELIGIBLE FOR DISCRETIONARY FUNDS FROM THE FEDERAL HIGHWAY TRUST FUND ON THE BASIS OF RURAL POPULATION

12-12-12

DENSITY OF EIGHT OF LESS RESIDENTS PER SQUARE MILE. THE FOLLOWING THIRTEEN STATES WOULD MEET THAT CRITERIA, ALASKA, ARIZONA, COLORADO, IDAHO, KANSAS, MONTANA, NEBRASKA, NEVADA, NEW MEXICO, NORTH DAKOTA, SOUTH DAKOTA, UTAH AND WYOMING. THE SIZE OF THIS DISCRETIONARY FUND SHOULD EQUAL TWO AND ONE-HALF PERCENT OF THE FEDERAL HIGHWAY TRUST FUND OR APPROXIMATELY \$350 MILLION AT ITS CURRENT SIZE. DISTRIBUTIONS FROM THIS FUND SHOULD BE MADE TO APPLYING STATES BASED UPON DEMONSTRATED NEED THAT COULD NOT BE MET BY OTHER PROGRAMMED ALLOCATIONS FROM THE TRUST FUND.

I HOPE THE FORGOING INFORMATION AND RECOMMENDATIONS WILL HELP IN YOUR IMPORTANT DELIBERATIONS OVER SUCH IMPORTANT ISSUES. THANK YOU FOR THE OPPORTUNITY TO ADDRESS YOU AND PROVIDE THIS INPUT INTO THE PROCESS.

Good afternoon. I'm Larry McRae, General Manager of the Outlaw Inn in Kalispell, Montana, and the Chairman of the Governor's Tourism Advisory Council. The council is a 15 member body of individuals from the private sector of Montana's travel industry, appointed by our Governor to oversee the promotion efforts of Montana as a tourism and travel destination. It is on behalf of the entire travel industry that I present testimony today.

Before I continue with my testimony, I would like to take this opportunity to thank the members of the committee for giving Montanans an opportunity to testify a little closer to home. A three hundred mile drive is "close to home" in Montana and is a little easier on us than the longer trip to Washington D.C.!

I will first present some general information regarding Montana and our travel industry prior to stating our position regarding the future of highway funding.

Four days ago, we celebrated Montana's 100th birthday as a state. Before statehood, our economy was confined to trapping and trading with the Native Americans. The "Blackrobes" came to teach the word of God to the red man, cattle were brought up the trail from Texas, gold was discovered and homesteaders came to settle this incredible and remarkable land. Our economy was built first on agriculture, then on mining and timber and until a few decades ago, these were the backbones of our economy.

Today's needs and technologies have weakened the impact of our former strengths, and while these industries are still of great importance, we are building new hopes and strengths with the impact of the travel economy. In recent years we have seen travel become perhaps the fastest growing industry of our State. Montana possesses a wealth of tourism potential, but we must have a sound infrastructure to support our marketing efforts and provide a positive, quality experience for our visitors.

What is the economic impact of travel? Data collected during 1988 and early 1989 by the Institute for Tourism and Recreation Research at the University of Montana documents that nonresident visitors to our State generated nearly \$1.5 BILLION DOLLARS of total direct, indirect and induced economic impact to the State! As remarkable as these figures are, they include only the traveller who enters our State by automobile or airplane. Those visitors who arrive by motorcoach and train generate even more dollars and have even a greater impact on our economy!

Approximately 4.4 million nonresident travellers enter Montana annually spending over \$658 million dollars. Because of these visits, 22,500 Montanans are employed in travel-related jobs, that is nearly 3% of our population, with a total impact of \$368 million dollars in payroll.

How do the visitors spend their dollars? The impact of the travel dollar goes far beyond the first perceptions of lodging and food expenditures. The Institute found that only 18% was spent on lodging, and 27% for food services. Also measured were retail sales at 28%, transportation at 5%, 6% for incidentals and gasoline at 16%.

These categories show the infrastructure that must be provided to the visitors arriving in Montana. We must provide quality, affordable lodging and food services, there must be opportunities to purchase Montana products and souvenirs, and it is of vital importance that we provide good highways and roads that lead to our attractions! Over 3.3 million visitors (76%) arrived by automobile and motorhome. More than another million visitors (24%) arrived by air, and many of those visitors rented vehicles. Thousands of others arrived by train and, again, have the need for rental vehicles; and uncounted thousands arrived by motorcoach in group tours.

It is clear that Montana's travel industry cannot continue it's dramatic growth or even remain constant unless we can provide a sound, safe and effective highway system.

Let us consider Montana as a travel destination. We are blessed with national parks, national forests, wilderness areas, and historical national monuments. These are the "hooks" that bring

visitors to and through this nations rural areas. These parks, forests and monuments are recognized promoted by the travel industry and the State.

Yellowstone National Park hosts over 2.5 million visitors annually. Nearly 1.4 million (55%) enter the park by way of highways 287, 89 and 212. Glacier National Park hosts another 1.5 million visitors who enter by Montana highways 93, 89, and 2. While most visitors want to visit these national treasures, they also travel many miles on our other highways and roads to reach the forests, rivers, and lakes to see a rodeo in a small Eastern Montana town or to participate in an art event or convention in a major city. I could continue to list the amenities and attractions, but my point is that our out of state visitors use our highways and roads as extensively as we Montanans do. We do not have major public transportation systems and only limited and expensive air service from other states and within our own borders. Our highways are the mainstay of our transportation needs for both residents and visitors alike.

Montana currently receives \$100 million dollars per year under the Federal Highway program. We have over 69,000 miles of roads and highways varying from interstate to gravel and dirt roads. A very small portion of these (less than 20%) are presently eligible for Federal funds for construction and pavement preservation.

Some of the options being considered would mean an annual loss of 25 to 30 million dollars for Montana. Under a redefined Federal Highway program, the Highway System of National Significance (HSNS) being proposed would include the interstate system and less than half of Montana's current 5,500 mile primary system. Even if we can keep our proportional share of the primary system on the HSNS, roughly 3000 miles of the current primary system and all of the secondary county roads, urban and bridge programs will be shifted to the new "flexible" (block grant) program. Only \$20-25 million dollars in federal aid would be returned to Montana to apply to all these systems. Furthermore, where these systems are now funded at a level of over 75 percent Federal funds, the new flexible program would require half of the funding to come from the State. Needs on the secondary and urban systems will have to compete for these limited funds with needs on the 3,000 miles of primary road that would move into the new flexible category.

The Montana travel industry can support only a funding formula with a "hold harmless" clause which maintains our current level of funding with built in increases for the future. As many rural areas have struggled to solve their economic woes, they have looked to government to be the sole provider. I don't believe this should be the standard, but support instead partnerships and cooperative participation between governments. I believe that these cooperative efforts will benefit Local, State and the Federal Governments.

If funding is reduced, what might the scenario be? Our primary and secondary roads would fall into further decay. Required maintenance will not be financially possible and the safety of residents and nonresidents alike would be affected. This deterioration could include such major routes as portions of 287 and 89, routes that carry thousands of visitors between our two national parks. Other important highways will fall to the same demise. This detracting to a quality experience in Montana would adversely affect the rapidly growing travel industry.

We have no available optional revenue sources in Montana to pick up a possible loss of highway funding. We presently have the highest motor fuel taxes in the entire nation! We are the fourth largest state in square miles but yet the sixth lowest in population. Because of our massive size we cannot accept any funding formula based on our population. Our current tax climate in Montana has pushed our citizens to near revolt, and they will not tolerate any additional taxes.

A decline in our strongly developing travel industry will mean adverse economic effects far beyond the sale of a hotel room. It will mean fewer Montanans employed, fewer taxes on wages on both Federal and State levels, less taxes paid by travel-related businesses and less motor fuel tax. The economic impact of Montana's tourism reaches far into our communities and impacts what we can return to the Federal Government.

In closing, I would like to restate that we support only a highway funding formula that includes a "hold harmless" clause, meaning that Montana's funding will remain at current levels. Quality well maintained highways and our visitor travel expenditures are interdependent. This will allow us to become stronger financial partners with the Federal Government as well as a stronger entity to support ourselves independently in the future.

Thank you again for coming to Montana. It has enabled many of us to testify who otherwise would not have been able to, and thank you for your positive consideration of this important issue.



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The Montana Motor Carriers Association represents some 325 motor carrier members doing business in and through Montana ranging in size from one truck operators to carriers with fleets of 300 plus trucks. 95% of the carriers operate extensively in interstate commerce and a large number operate in both interstate and intrastate commerce.

The Montana Motor Carriers Association is affiliated nationally with American Trucking Associations and MMCA has adopted as policy the following positions relating to national, state and local highways and their impact on the trucking industry. The policy includes a position on the responsibility of federal, state and local governments in funding, truck traffic restrictions, tolls, and sizes and weights.

HIGHWAYS

To ensure its strength and prosperity in future decades, this nation must renew its commitment to a sound Federal Aid Highway Program supported by the Federal Highway Trust Fund. Interstate and international commerce and national defense depend upon the freedom of transportation provided by an integrated national system of highway quality roads.

The preservation, expansion, and reconstruction of the National System of Interstate and Defense Highways and major Primary highways should be attained through a Federally coordinated system of Highways of National Significance. Parts of the Interstate System fail to meet the demands of current traffic, and Primary routes should be improved to connect the Interstate System to smaller cities and rural communities. Practical, effective strategies to relieve urban congestion must be found and implemented quickly.

Federal aid should continue for major bridges and secondary urban roads off the National System to improve urban, suburban and rural mobility.

MEMBER



REPRESENTING THE TRUCKING INDUSTRY IN MONTANA

To ensure adequate and stable funding for a Federal Highway Program which keeps pace with traffic growth into the next century, the Federal Highway Trust Fund must be made permanent. All available Highway Trust Fund revenues should be expended, and the excessive balance in the Fund promptly must be drawn down to a reasonable level. Diversion of Highway Trust Fund revenues to non-highway purposes seriously hampers this nation's ability to preserve its highway infrastructure and fund highway developments needed for a growing economy. Diversion of highway revenues for deficit reduction or any other non-highway purpose is opposed. Highway users have paid the entire cost of the Federal and most state highway programs through a two-structure tax system of registration fees and fuel taxes. Third structure taxes are inefficient, inequitable, and are opposed.

Major highway facilities supported by Federal aid should be designed and built to the highest appropriate standards to safely and efficiently accommodate all vehicle types. Federal action should be taken to prevent unreasonable state or local restrictions. Highway users are entitled to the highest standards of efficiency and integrity in the administration and management of the highway program so that maximum road values result from every tax dollar spent. Life cycle and road user costs should be held to a minimum consistent with sound economic planning and good engineering practice. Federal and state officials should seek greater highway user participation in the highway building and vehicle use regulation processes.

RESPONSIBILITY OF THE FEDERAL GOVERNMENT

The Federal government should continue to assume primary responsibility for financing, construction, and reconstruction of Highways of National Significance. Full Federal-aid funding, as authorized, should be provided through FY 1991. After completion of the Interstate System, the system of Highways of National Significance consisting of the Interstate System and important principal arterial highways which are major connectors must become the principal Federal-aid system. This system should be funded at a level to meet essential future needs of this system and at a higher Federal-aid matching ratio than any other Federal-aid highways. The system of Highways of National Significance should be designated in its entirety for vehicles of the weight and length authorized by the Surface Transportation Assistance Act of 1982 (STAA) and for any longer combinations or trailer lengths subsequently approved. Fund distribution should be by formula and not on a "cost-to-complete" basis.

-3-

Federal highway funds for lesser rural and urban connector routes and for major bridges on those routes should be continued. Increased Federal highway spending should be sought for lower system routes through 1995.

Federal highway programs to promote social and environmental goals should be supported by general fund revenues.

Federal highway funds should be allocated to the states on the basis of specific, verifiable highway requirements and should be used only for highway safety, research, and the construction, reconstruction, and rebuilding of roads and bridges on the System of Highways of National Significance and on other Federal-aid highways providing connecting service. Federal highway funds must not be used for non-highway purposes.

A Federal-aid highway program must be continued which is fair and flexible, one which provides every state with a minimum level of funding support at least equal to the level of support now being received.

A Federal-aid highway program must ensure that those states held harmless under the above would share equitably in any growth of the federal highway program.

A Federal-aid highway program must establish a framework so rural states can continue the Federal-Aid Urban and Federal-Aid Secondary programs, even under the new simplified system if adopted by Congress.

Increased Federal funding for research and development designed to provide more economical and improved pavements, greater equipment productivity, study intelligent vehicle/highway systems, improve traffic flow and relieve congestion is needed to enhance highway efficiency and return on investment.

RESPONSIBILITY OF STATE GOVERNMENTS

The states and local units of government should be primarily accountable for the financing, program development and administration, and construction and maintenance of bridges, highways, roads and streets within their territorial limits. Road and bridge design should accommodate motor vehicles currently in use. States should implement proven technologies in a timely and efficient manner. States in cooperation with road users should develop incident management programs for congested urban areas.

To obtain maximum benefit from both state and Federal highway user taxes, states should dedicate user revenues to the funding of highway maintenance and improvements with some funds for planning and research. States should encourage assistance from highway beneficiaries, such as developers and other non-toll private sector sources, to augment user revenues where feasible.

In recognition of growing interdependence and connectivity among states, state governments should be responsible for devising practical regional solutions to highway mobility problems in a spirit of cooperation with other states. Highway safety and productivity can be achieved by eliminating unnecessary barriers, inconsistencies, and preferences among states which constrain mobility and interstate commerce. Freedom on movement for all vehicles regardless of state of registration or business incorporation is essential to the nation's continued prosperity.

RESTRICTIONS ON TRUCK TRAFFIC

Trucks must have freedom to move at all times on the nation's highways, roads and bridges in order to provide essential transportation between American communities, businesses, and industry. Trucks of a size and weight authorized by the Surface Transportation Assistance Act of 1982 and longer combinations or trailer lengths subsequently approved should not be restricted on the Interstate System or on a system of Highways of National Significance either through outright prohibition or restrictions on hours-of-operations. Route restrictions for any reason should be of limited duration, and such routes should be upgraded to adequate standards. Unreasonable state or local restrictions must be prevented through Federal intervention.

TOLLS

The trucking industry supports the objective of a toll-free Systems of Highways of National Significance. Financing of highway improvements should rely on highway user taxes and receipts, exclusive of tolls.

Toll financing is used by some states to construct roads to provide additional highway capacity to relieve congestion. When toll financing is used, toll collections should be limited to and fully cover the costs of constructing, reconstructing, and maintaining the toll facility. Toll collections should not be used for the extension of bonded indebtedness or for the creation of new indebtedness for other facilities. Truck size and weight limits allowed on toll facilities should be grandfathered when tolls are removed.

The payment of all highway user taxes, in addition to tolls on the toll highways, constitutes double payment for the use of these facilities. State highway user taxes should be eliminated on toll facilities.

Programs designed to reduce congestion through assessment of fees for use of roads during peak travel periods attempt to discourage travel rather than increase mobility. Congestion pricing is not a viable alternative to highway improvements to provide new capacity.

SIZES AND WEIGHTS

The performance of the nation's economy in increasingly competitive international markets depends in large measure upon an effective and efficient transportation system. To achieve efficiency, the trucking industry must be able to operate its most productive equipment to serve the facilities of shippers and receivers throughout the nation.

As the nation's premier mover of freight, the American trucking industry has long recommended reasonable size and weight standards consistent with highway capability and the need for efficient, intelligent, and productive use of our country's vital resources. Alternative bridge formulas or modifications of the current Federal Bridge Formula may provide greater efficiency, safety, and maneuverability in the movement of goods without harm to roads and bridges. Current Federal limits on gross vehicle weight should be removed to permit gross weight regulation through application of an appropriate Federal bridge formula.

It is essential that all vehicle types approved by the Surface Transportation Assistance Act of 1982 and longer vehicles grandfathered or subsequently approved be permitted to operate on a system of Highways of National Significance. In order to achieve necessary productivity, the trucking industry must be allowed access to points of loading and unloading from the system of Highways of National Significance. States, counties and cities cannot be allowed to thwart national productivity through ordinances or regulations restricting or banning trucks without evidence of specific safety problems.

Longer combination vehicles should be permitted at the option of the States. Such operations should be allowed under divisible load permits which specify adequate driver, vehicle, and highway controls. Longer combination vehicle gross weight should be limited by the Federal bridge formula or a modified bridge formula subsequently adopted.

The length, width, and weight standards outlined in the following chart (see following chart) should be adopted for operations on the Interstate System and Highways of National Significance and for direct access to points of loading and unloading.

GRANDFATHER CLAUSE

The 1956 Highway Act provided that weights legally in excess of the Federal axle and gross weight limits on July 1, 1956, in any state were "grandfathered." Similarly, the 1974 Highway Act provided that the bridge formula applied only to weights in excess of those legal in any state on January 5, 1975. The Surface Transportation Assistance Act of 1982 changed this section to provide that the states shall determine "grandfathered" weight limits. The STAA established trailer length regulations and provided that trailer lengths in any states which exceeded the Federal length limits were "grandfathered." State and Federal DOT actions to restrict or roll back "grandfathered" weight or length limits are opposed.

(SIZE AND WEIGHT TABLE -- ATTACHMENT)

ATTACHMENT

TRUCKING INDUSTRY POLICY
ON FEDERAL TRUCK WEIGHTS, WIDTH AND LENGTHS ^{1/}
(Exclusive of Specialized Equipment and Permit Operations)

<u>Federal Truck Height Limits</u>	<u>Minimum State Limits Required Under Federal Statute</u>	<u>Maximum State Limits Permitted Under Federal Statute</u>
Single Axle Weight	20,000 lbs.	20,000 lbs. or higher weight if permitted by state statute as of July 1, 1956.
Tandem Axle Weight	34,000 lbs.	34,000 lbs. or higher weight if permitted by state statute as of July 1, 1956.
Gross Weight	80,000 lbs.	No Federal maximum gross weight. States allowed to set maximum gross weight limits in conformity with the Federal Bridge Formula or modified bridge formula subsequently adopted. Any state gross weight limit legal as of July 1, 1956, would continue to be allowed.
<u>Vehicle Combination Length</u>		
Tractor-Semitrailer Combination	As set forth in STAA or greater productivity gains as permitted by the individual states.	No overall Federal maximum length limit. States may permit longer trailer lengths but gross weight of combination shall be limited to that produced by application of the Federal Bridge Formula or a modified bridge formula subsequently adopted.
Tractor-Multi-Trailer Combinations	As set forth in STAA or greater productivity gains as permitted by the individual states.	No overall Federal maximum length limit. States may permit longer lengths but gross weight of combination shall be limited to that produced by application of the Federal Bridge Formula or a modified bridge formula subsequently adopted.
<u>Vehicle Width</u>	102" minimum	102" maximum excluding tire bulge and approved safety devices.
<u>Height</u>	No Policy	

^{1/} For National System of Interstate and Defense Highways and System of Highways of National Significance, including reasonable access to such roads.

TESTIMONY OF THOMAS C. RUBEL
CONFIDENTIAL ASSISTANT TO THE ADMINISTRATOR
U.S.D.A. OFFICE OF TRANSPORTATION
BEFORE THE SENATE ENVIRONMENT & PUBLIC WORKS COMMITTEE
NOVEMBER 11, 1989, LEWISTOWN, MONTANA

Background

Over the last ten years, the U.S. Department of Agriculture's Office of Transportation (OT) has completed several transportation studies addressing rural infrastructure and service concerns. These studies focused on both freight and passenger mobility. This work is in keeping with the Department's agricultural marketing and rural development missions, and the Agency's commitment to assist in the creation and promotion of an efficient transportation system to meet the needs of agriculture and rural America.

The demands on the transportation system serving agriculture and rural communities are changing. The transportation system provides for direct and immediate access to basic commodities, and access to jobs and services often located tens, if not hundreds, of miles away. Changes in the transportation system have taken place; and people assume their mobility needs will be met. Significant public investment in infrastructure, particularly the Interstate Highway System, has led to impressive improvements in mobility and transport efficiency for our Nation. And deregulation of the transportation industries — rail, air, truck, and bus — has generally improved service and reduced fares. But the modified system is impacting rural residents, farmers, businesses, and rural communities. For example, rural communities have been especially affected by the abandonment of light density railroad branch lines for freight movement and by the loss of intercity bus service for personal mobility. Today, most rural communities are dependent upon roads for access and are increasingly reliant upon commercial trucking for the movement of freight.

Current Situation

Since roads serve as the foundation of the rural transportation system, OT has worked with a number of agencies and organizations to learn more about the rural roads and bridges throughout the country. Our focus has been on the roadways that serve as access to land, farms, processing plants, shipping and receiving points, centers of employment, and needed services rather than on the Interstate Highway System. About three-fourths of all counties in the United States are considered to be non-metropolitan. Only 31 percent have an Interstate highway running through them. This is described in OT's report, Rural Highway Finance: Federal Funding for Interstate and Non-Interstate Highways in Rural Areas.

Including Interstate highways, however, about 81 percent of the Nation's total highway mileage is classified as rural. To fill a void in the information available about the rural road system, OT has completed a series of studies focusing on the condition, finance, and administration of rural

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roads and bridges. Our research has culminated in the completion of a nationwide study done in cooperation with Western Illinois University. Since responsibility for the rural road system is primarily shared by the local and State levels of government, we also involved the National Associations of Towns and Townships (NATaT), Counties (NACo), and County Engineers (NACE), and the American Association of State Highway and Transportation Officials (AASHTO) in the study effort.

The nationwide study builds upon two midwestern studies involving Illinois, Minnesota, Ohio, and Wisconsin that were completed between 1983 and 1987. The results of the first study, focusing on towns and townships, are reported in Financing Rural Roads and Bridges in the Midwest (October 1984). The results of the second are reported in Rural Roads and Bridges in the Midwest: Finance and Administration by Counties (July 1987).

Surveys of State, county, town, and township highway officials were done by Western Illinois University in conjunction with the national organizations. Advice and consultation also was provided by the U.S. Department of Transportation's Federal Highway Administration (FHWA) and the U.S. Advisory Commission on Intergovernmental Relations. The detailed findings of the study are provided in two research reports: Rural Roads and Bridges: Federal and State Financing, and Rural Roads and Bridges: A Dilemma for Local Officials.

A brief summary of the study results follows -- highlighting system size, responsibility, and condition.

System Size

The Nation's rural road network is large, and primarily serves low volumes of traffic. Highway statistics published by the U.S. Department of Transportation's Federal Highway Administration (FHWA) indicate that of the Nation's 3.9 million miles of highways, 3.2 million are rural. "Rural" is defined by FHWA as those areas outside of populated areas having 5,000 or more people. Interstate and other principal arterials, which serve to connect metropolitan areas, make up 8 percent of the Nation's rural road network; whereas, collector and local routes, which feed into the arterials, account for 92 percent of the system. The majority of rural America is served by lower order arterial, collector, and local roads.

On these rural roads, there are about 470 thousand inventoried bridges 20 feet or greater in length (see Rural Bridges: An Assessment Based Upon the National Bridge Inventory). Rural bridges, like the rural mileage, therefore account for about 81 percent of the Nation's total. We suspect that there are hundreds if not thousands of rural bridges under 20 feet in length that are not systematically taken into account in the National Bridge Inventory (NBI) maintained by FHWA.

Responsibility

The rural road network is almost entirely the responsibility of the local and State levels of government. Today, about 71 percent of the rural road mileage nationwide is under local control, and 22 percent is under State control. But this varies considerably by State. At the local level, responsibility is divided among a number of independent general purpose local governments, depending upon the governmental structure and laws of the State. In rural areas, these most notably include counties, towns, and townships. In certain states and localities, particularly in the West, the Federal government's direct control over the construction of highways and bridges on Federal lands also is significant.

Although rural roads and bridges are constructed and maintained by numerous governments, the assignments of responsibility are not similar in all States. Three basic approaches, however, to financing and administering rural roads and bridges exist in the United States.

- o A centralized approach whereby State governments work through regional offices to fund highway improvements (e.g., Delaware, Virginia, West Virginia, and North Carolina)
- o States working with a dual system of local governments (counties and towns/townships) that share the responsibility for making improvements (19 states primarily in Northeast and Midwest)
- o States working with counties that share the responsibility to make improvements in unincorporated areas (27 states)

Condition of Rural Roads and Bridges

The adequacy of the rural road network to meet the needs of rural America and the Nation is a major concern. For many years, FHWA in its status report to Congress has identified the rural collector roads as being in the poorest condition of all roads eligible for Federal financing. However, since the majority of the rural road system is not on the Federal-aid system, little national data exists to describe condition. We do know, however, that about half of the road miles maintained by counties, towns, and townships have earth, gravel, or loose aggregate surfaces.

Through our research effort, we also have learned that local officials believe that much of the mileage is not in good surface condition. County highway officials reported that nearly 38 percent of the road mileage has limited failures and is barely adequate for present travel demands, or worse. Similar conditions were reported by town and township officials. The surveys also determined that not only is the present condition of rural roads cause for concern, but the trend is downward. Only 44 percent of the county highway officials reported improvements in the quality of county maintained roads over a two-year period; and only 43 percent of the town and township officials reported such improvements.

Although the road problems are significant, the bridge conditions are of special concern. Based upon data in the National Bridge Inventory, which is maintained by FHWA, 48 percent of the rural bridges that are 20 feet or greater in length and under county responsibility were found to barely meet minimum tolerable limits to be left in place. Furthermore, 57 percent of the bridges maintained by towns and townships were rated as being less than barely adequate. According to the surveys, only 43 percent of the county officials and 21 percent of the town/township respondents reported the overall quality of bridges had improved between 1985 and 1987.

Current Issues to be Addressed

We believe three major issues have surfaced regarding rural roads and bridges that highlight the need to search for solutions to improve worsening conditions: Financing, linkage to economic development, and safety.

Financing

In 1987, counties, towns, and townships were responsible for 56 percent of the Nation's highway mileage, most of which is rural; but spent 18 percent of the highway funds. In comparison, municipalities and States spent 21 and 60 percent of the funds, respectively, and were responsible for 18 and 21 percent of the mileage, respectively. Local governments finance roads and bridges using several revenue sources, including local revenues, State highway aid, and receipts from States through the Federal-aid highway program. Although the distribution of these revenue sources varies greatly by locality and State, property taxes generally are an important component of local highway finance. Dedicated property taxes for maintaining roads and bridges have remained at about 20 percent since 1977. Reliance upon intergovernmental aid from the Federal and State governments, however, declined from 49 percent in 1977 to 35 percent in 1986. Towns and townships especially were affected by the loss of Federal General Revenue Sharing (GRS) at the end of 1986 since 84 percent of them reported having used GRS funds for roads and bridges.

Currently, only 20 percent of the rural road network is eligible for Federal financing from the Highway Trust Fund (HTF). Due to differences in allocative methods, there is little overall consistency among the States regarding the distribution of HTF revenues. Federal funding also is available from the Federal Highway Bridge Replacement and Rehabilitation Program (HBRRP) for bridges located off the Federal-aid system, which tend to be in rural areas. Over the years, states have obligated about 20 percent of the HBRRP funds for off-system improvements although they are allowed by law to obligate up to 35 percent.

The fact that many roads and bridges controlled by counties, towns, and townships are in unsatisfactory condition to meet current service demands means that many local governments will face major costs if the integrity of the system is to be maintained. Since precise estimates of rehabilitation

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and replacement costs are not readily available, local highway officials were asked to estimate maintenance costs as part of the national study conducted by OT. County highway officials reported the annual average cost of maintaining a mile of road ranges from \$1,890 per mile for loose aggregate surface roads to \$5,109 for concrete or paved roads. Nearly half of the county-maintained mileage was reported to be earth, gravel, or loose aggregate. Only 4 percent was paved. A sizeable majority of the road mileage maintained by towns and townships also is earth, gravel, or loose aggregate. Given current resources, it is questionable whether many local rural governments are able to spend even \$1,890 per mile for maintenance, let alone the amount required to upgrade surfaces for higher traffic volumes and weights.

Data collected from county engineers in four Midwestern states during 1986, and reported in Rural Roads and Bridges in the Midwest: Finance and Administration by Counties, also indicates the cost of making rural bridge improvements is substantial. The average cost per bridge was found to be nearly \$96,000 in the four states. This compares with an estimated average cost of \$153,000 per off-system bridge that needs to be replaced, according to FHWA.

Linkage to Economic Development

The demands on the rural road network are changing. Much of the network provides for the direct and immediate access to basic commodities, many of which underpin the Nation's industrial and economic strength. In recent years, the rural economy has diversified beyond its traditional agricultural base with agriculture giving way to increased employment in the trade, services, and manufacturing sectors. Even in the agricultural-dependent regions, rural people travel to jobs off the farm. Since 1960, off-farm income has accounted for 40 to 55 percent of the net incomes of farm households. But as the rural economy has become more diverse, the options for transporting people and goods have lessened, resulting in a greater reliance on the road network for mobility and trucks to move production inputs and goods.

Rather than viewing transportation as an end in and of itself, the role of roads and bridges in accomodating and facilitating economic growth increasingly is gaining recognition. In Pennsylvania, for instance, the Department of Transportation has developed a strategic planning process for incorporating the needs of the State's industrial, commercial, agricultural, and forestry sectors into its highway planning and programming efforts. In addition, the Task Force on Rural Development of the National Governors' Association reports that wiser investments in rural areas could be made by gearing highway investment decision to the economic opportunities which exist.

Safety

National accident statistics indicate there is a major problem with fatalities on rural roads and bridges. About one-third of all fatal and nonfatal traffic accidents occur on rural roads, accounting for over half of all traffic fatalities. The rural road network is, in fact, travelled by motorists from all parts of the country for economic and social reasons including: (1) the delivery of production inputs and transport of commodities and manufactured products, (2) accessing mineral and timber resources, (3) attending schools and universities, (4) reaching hospitals and obtaining emergency medical services, (5) and utilizing recreational and tourist attractions.

Poor infrastructure conditions, traffic engineering problems, and travel situations that do not meet motorists' expectations are the major reasons cited for safety problems associated with rural roads and bridges. The National Safety Council reports that very often the rural road system simply does not meet motorists' expectations based upon driving experiences and training. This causes fatal accidents on roads and bridges where traffic volumes typically are low.

Others, including local highway officials, report that serious safety problems also result from the fact that local governments cannot afford to maintain, rehabilitate, or replace roads and bridges due to lack of funds. Much of the problem relates to the fact that design standards for low-volume roads and bridges often have had to conform to design guides and standards initially recommended for high-speed, high-volume situations. Public safety, they contend, can actually be improved by utilizing alternative, and affordable road and bridge designs that would reduce individual project costs, spur improvements, and restore the integrity of the system. In addition, more uniform signs and pavement markings are recommended; better and brighter signs that can be seen by older and visually impaired drivers should be used; and speed limits should be enforced.

Options for the Future

Improving the Nation's rural road network, which is primarily low volume in usage, increases the desirability of our rural areas as places to live and conduct business — and relieves the pressure caused by the increased concentration of people around and within metropolitan cities.

The future federal role is being considered in the administration's ongoing deliberations over the upcoming highway reauthorization legislation. The following are possible local and state options.

Local Strategies

- o Reduce the number of rural miles and/or bridges through closure or return to private ownership, thus allowing localities to spend their available resources on priority projects.
- o Reduce maintenance costs. This is being tried in several states through minimum maintenance or primitive road programs.
- o Find alternative revenues, focusing on both traditional sources (e.g., property taxes) as well as less conventional ones (e.g., local option tax on motor fuels).
- o Seek opportunities to improve efficiency, utilizing the most cost-effective technologies and materials, upgrading management capabilities through training and use of automated procedures, utilizing cooperative purchasing agreements with other units of government, and considering consolidation of local government responsibilities.

State Options

- o Review and, if possible, adopt more flexible, yet safe design and construction standards to minimize project costs.
- o Do not let State assistance erode simply due to inflation without making a conscious policy decision to do so, given the limited resources available to make rural improvements. Review the flexibility of State revenue sources and spending authority granted to local governments to ensure the most effective use of State funds.
- o Realign the responsibilities between the State and local governments to reflect changes in usage of the road network and changes in the expertise required to administer and manage the roads and bridges.
- o Encourage regional planning in order to better address planning and programming concerns that cross political boundaries, affect multiple governments, and incorporate multimodal/intermodal opportunities.

Summary

The rural road and bridges problems facing the Nation are not isolated to particular types of communities or regions of the country. They are pervasive, affecting the entire Nation's growth, prosperity, and competitive position. Furthermore, the transportation problems facing rural America are not neatly compartmentalized along modal lines, political boundaries, or levels of government. Likewise, they are not limited to the public or the private sector. Therefore, we believe the solutions to the rural road and bridge problems, and to other rural transportation problems, are to be found through greater cooperation between the public and private sectors, and across the modes.

STATEMENT BY

MR. THOMAS D. COLLINSWORTH,

SPECIAL ASSISTANT FOR TRANSPORTATION ENGINEERING

MILITARY TRAFFIC MANAGEMENT COMMAND

BEFORE

THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

NOVEMBER 11, 1989

LEWISTOWN, MONTANA

GOOD MORNING MR. CHAIRMAN. IT IS A PLEASURE TO BE HERE TODAY. I AM THOMAS D. COLLINSWORTH, THE SPECIAL ASSISTANT FOR TRANSPORTATION ENGINEERING FOR THE MILITARY TRAFFIC MANAGEMENT COMMAND. THE MILITARY TRAFFIC MANAGEMENT COMMAND IS THE DEPARTMENT OF DEFENSE EXECUTIVE AGENCY FOR ALL PUBLIC HIGHWAY MATTERS AFFECTING DEFENSE NEEDS. AS SUCH, WE HAVE BEEN EVALUATING OUR LONG TERM NEEDS FOR HIGHWAYS. I APPRECIATE THE OPPORTUNITY TO BE WITH YOU IN LEWISTOWN TO ADDRESS THE COMMITTEE REGARDING DEFENSE FUTURE PUBLIC HIGHWAY NEEDS AS THEY RELATE TO THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT.

THE WORK OF THIS COMMITTEE IN THE NEXT FEW MONTHS PROMISES TO BE AS IMPORTANT TO GUIDING THE FUTURE COURSE OF THE HIGHWAY PROGRAM IN THIS COUNTRY AS THE AUTHORIZATION OF THE SYSTEM OF INTERSTATE AND DEFENSE HIGHWAYS WAS IN THE MID 1950'S. SINCE THE INTERSTATE SYSTEM IS ESSENTIALLY COMPLETE, FUTURE EMPHASIS MUST TURN TO SUCH ISSUES AS PROTECTING THE CURRENT SYSTEM FROM FURTHER DETERIORATION, DEALING WITH ADDITIONAL RURAL NEEDS, AND ADDRESSING CONGESTION. IT IS OF PARAMOUNT IMPORTANCE THAT NATIONAL TRANSPORTATION POLICY AND PROGRAMS REFLECT DEFENSE REQUIREMENTS AND THAT FUTURE HIGHWAY LEGISLATION INCORPORATE DEFENSE TRANSPORTATION OBJECTIVES.

AN IMPORTANT CONSIDERATION FOR INITIATING THE FEDERAL-AID SYSTEM WAS TO ADDRESS THE NEEDS OF NATIONAL DEFENSE. THEREFORE IN LIGHT OF THE COMPLETION OF THE INTERSTATE SYSTEM AND THE NEED FOR NEW HIGHWAY LEGISLATION, IT IS APPROPRIATE THAT DEFENSE NEEDS AGAIN BE AN INTEGRAL PART OF THE FUTURE HIGHWAY PROGRAM.

THE DEPARTMENT OF DEFENSE IS HEAVILY DEPENDENT ON THE TRANSPORTATION INFRASTRUCTURE TO SATISFY STRATEGIC, TACTICAL, ECONOMIC, AND INDUSTRIAL REQUIREMENTS ESSENTIAL TO ENSURE THE CONTINUED SECURITY OF THE NATION. HIGHWAY MOVEMENT IS THE CRITICAL CORNERSTONE OF ALL DEFENSE TRANSPORTATION. IN THE EVENT OF OVERSEAS DEPLOYMENT, MILLIONS OF TONS OF EQUIPMENT AND SUPPLIES WILL BE MOVED BY HIGHWAYS FROM DEFENSE INSTALLATIONS TO OCEAN AND AIRPORTS OF EMBARKATION. RECOGNIZING THAT THE EXPIRATION OF THE PRESENT FEDERAL-AID HIGHWAY LEGISLATION REQUIRES THE ESTABLISHMENT OF NATIONAL GOALS AND PROGRAMS FOR THE FUTURE, WE HAVE IDENTIFIED THE FUTURE HIGHWAY REQUIREMENTS FOR THE DOD. OUR NEEDS ARE PRESENTED IN OUR REPORT ENTITLED "DEFENSE HIGHWAY REQUIREMENTS TO THE YEAR 2020" WHICH WE WILL PROVIDE TO THE COMMITTEE. THE REPORT WAS RECENTLY FORWARDED BY THE SECRETARY OF DEFENSE TO THE SECRETARY OF TRANSPORTATION FOR CONSIDERATION IN ESTABLISHMENT OF NATIONAL TRANSPORTATION POLICY AS WELL AS DEVELOPMENT OF A FUTURE HIGHWAY PROGRAM. I WILL SUMMARIZE SOME OF THOSE REQUIREMENTS TODAY, BUT THE REPORT DOCUMENTS OUR COMPREHENSIVE NEEDS.

DEFENSE HIGHWAY REQUIREMENTS IN OUR REPORT ARE IDENTIFIED IN THREE BROAD CATEGORIES; INFRASTRUCTURE, OPERATIONAL, AND PLANNING. MANY OF THE RECOMMENDATIONS ARE NOT NEW, BUT THEY ARE MORE IMPORTANT THAN EVER BECAUSE OF THE CURRENT NEED TO MOVE MILITARY PERSONNEL AND MATERIEL RAPIDLY THROUGHOUT THE WORLD DURING CRISIS SITUATIONS OR WARTIME DEPLOYMENT OPERATIONS. OUR REPORT MAKES RECOMMENDATIONS ON THE ROLE OF FEDERAL AND STATE HIGHWAY AUTHORITIES AND MILITARY TRANSPORTATION MANAGERS IN IMPLEMENTING

THESE INITIATIVES.

BY FAR, THE MOST IMPORTANT DEFENSE REQUIREMENT IS TO ENSURE THAT DESIGNATED DEFENSE IMPORTANT HIGHWAYS ARE MAINTAINED AND/OR UPGRADED TO MEET DEFENSE EMERGENCY REQUIREMENTS. THE SYSTEM OF DEFENSE IMPORTANT HIGHWAY ROUTES IS CALLED THE STRATEGIC HIGHWAY CORRIDOR NETWORK OR STRAHNET. STRAHNET IS AN INTERCONNECTED HIGHWAY NETWORK THAT SATISFIES DEFENSE STRATEGIC HIGHWAY NEEDS. THE SYSTEM CONSISTS OF THE INTERSTATE SYSTEM AND OTHER STRATEGICALLY IMPORTANT BUT LESSER QUALITY, HIGHWAYS. STRAHNET ALONG WITH CONNECTOR ROUTES WHICH PROVIDE SERVICE BETWEEN STRAHNET AND IMPORTANT DEFENSE INSTALLATIONS ENCOMPASS THE TOTAL DEFENSE HIGHWAY INFRASTRUCTURE REQUIREMENTS.

IN PREPARATION FOR THE HIGHWAY LEGISLATION REAUTHORIZATION PROCESS WE RECENTLY UPDATED STRAHNET AND CONNECTORS. STRAHNET NOW CONSISTS OF 60,000 MILES AND WAS UPDATED BASED ON DEFENSE PEACETIME AND WARTIME MOVEMENT REQUIREMENTS. IN ADDITION TO THE 43,500 MILE INTERSTATE SYSTEM, 16,500 MILES OF NON-INTERSTATE ROUTES HAVE BEEN IDENTIFIED WHERE LIMITED ACCESS CAPABILITY IS DESIRABLE. ADDITIONALLY, WE HAVE IDENTIFIED APPROXIMATELY 7,000 MILES OF CONNECTOR ROUTES.

MANY TRANSPORTATION ORGANIZATIONS AND AGENCIES HAVE BEEN DISCUSSING THE MERITS OF IDENTIFYING A "HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE" AS IT RELATES TO FUTURE FEDERAL FUNDING AND ALLOCATION FORMULAS. WE BELIEVE THAT IT IS APPROPRIATE THAT STRAHNET AND CONNECTOR ROUTES MUST BE INCLUDED IN THIS SYSTEM.

CONSIDERING THE AGE OF MANY OF THE BRIDGE STRUCTURES ON THE INTERSTATE SYSTEM, WE ARE PARTICULARLY CONCERNED ABOUT BRIDGE CAPABILITIES ON THESE ROUTES AND FUTURE PROGRAMS SHOULD ENSURE THAT DEFICIENT STRUCTURES RECEIVE IMPROVEMENT PRIORITY.

WE ARE ALSO CONCERNED ABOUT THE QUALITY OF ROADS ON OUR INSTALLATIONS. OVER 90 PERCENT OF ALL INSTALLATION ROADS ARE OPEN TO THE PUBLIC. A SIGNIFICANT BACKLOG OF UNFUNDED ROAD REQUIREMENTS PRESENTLY EXISTS. SINCE GASOLINE USED ON MILITARY INSTALLATIONS CONTRIBUTES ABOUT \$85 MILLION ANNUALLY TO THE HIGHWAY TRUST FUND, WE WOULD LIKE TO SEE CONSIDERATION GIVEN TO RETURNING A PORTION OF THAT MONEY FOR IMPROVEMENTS FOR ON BASE ROADS JUST AS IT IS FOR FOREST HIGHWAYS AND OTHER PUBLIC LANDS.

WHEN WE THINK ABOUT OPERATIONAL AND PLANNING REQUIREMENTS FOR DEFENSE USE OF PUBLIC HIGHWAYS, MANY THINGS COME TO MIND, SUCH AS HIGHWAY PERMITS, TRAFFIC CONGESTION, EMERGENCY USE, INTERMODALISM AND NETWORK ANALYSIS CAPABILITIES. I WILL DISCUSS THESE ISSUES BRIEFLY.

UNIFORMITY OF SIZE AND WEIGHT REGULATIONS, PERMIT PROCEDURES, AND PERMIT LIMITS GENERALLY DO NOT EXIST AMONG VARIOUS STATE HIGHWAY DEPARTMENTS. THIS COMPLICATES THE MOVEMENT OF MILITARY AND DEFENSE RELATED OVERSIZE/OVERWEIGHT VEHICLES, PARTICULARLY ON INTERSTATE MOVES. WITH OVERSIGHT FROM THE FEDERAL GOVERNMENT, STATES SHOULD BE ENCOURAGED TO DEVELOP UNIFORM HIGHWAY PERMIT OPERATING PROCEDURES FOR LIKE HIGHWAY ROUTES OR SYSTEMS. BLANKET PERMITS COULD BE CONSIDERED FOR DEFENSE ROUTINE

OVERSIZE/OVERWEIGHT MOVES OVER STRAHNET AND CONNECTORS.

CONGESTION AND SAFETY PROBLEMS EXIST IN VIRTUALLY EVERY METROPOLITAN AREA IN THE COUNTRY. HIGHWAYS DESIGNED TWENTY YEARS AGO NO LONGER MEET DEMANDS AND OPERATIONAL NEEDS. CONGESTED METROPOLITAN AREAS COULD ADVERSELY IMPACT THE EXPEDITIOUS MOVEMENT OF DEFENSE PERSONNEL AND EQUIPMENT IN AN EMERGENCY. MULTIPLE INITIATIVES SHOULD BE PURSUED TO RELIEVE URBAN GRIDLOCK, TO INCLUDE APPLICATION OF TRAFFIC ENGINEERING TECHNIQUES, CONSTRUCTION OF "OUTER-BELTWAYS" AND ESTABLISHMENT OF PROVEN PROCEDURES FOR ALLOCATING ROAD SPACE IN EMERGENCY SITUATIONS. THIS WILL BE QUITE A CHALLENGE FOR THE FUTURE, BUT PROGRESS MUST BE MADE IF WE EXPECT THE HIGHWAY SYSTEM TO CONTINUE TO SUPPORT THE CONTINUED ECONOMIC GROWTH OF THE NATION AND NATIONAL DEFENSE.

THE RECENT NATURAL DISASTERS IN CHARLESTON, SC AND SAN FRANCISCO, CA SERVE AS A GOOD EXAMPLE OF WHY PRIORITY SHOULD BE PLACED ON THE DEVELOPMENT OF PROCEDURES WHICH COULD BE IMPLEMENTED IN AN EMERGENCY TO ALLOCATE ROAD SPACE ON A PRIORITY BASIS. WHILE LOCAL AUTHORITIES DID REMARKABLY WELL RESPONDING TO THE DISASTERS, IF DAMAGE WAS MORE WIDE SPREAD OR IF THE SITUATION WAS COMPLICATED BY A CONCURRENT DEFENSE INTERNATIONAL EMERGENCY, ADEQUATE ROAD ALLOCATION PROCEDURES WOULD HAVE DEFINITELY BEEN NEEDED. WE FEEL THAT EMPHASIS SHOULD BE PLACED ON THE DEVELOPMENT OF EMERGENCY HIGHWAY TRAFFIC REGULATION PROCEDURES ALONG WITH ADDITIONAL EXERCISING OF THE PROCEDURES BY THE STATES.

WE MUST GET THE MOST FROM ALL OF OUR EXISTING INFRASTRUCTURE

THROUGH APPLICATION OF INTERMODAL INITIATIVES. TRANSPORTATION ISSUES CAN NO LONGER BE ADDRESSED BY INDEPENDENT MODAL ANALYSES. TRANSPORTATION POLICY SHOULD REFLECT INTERMODAL CAPABILITIES. THE DOD IS KEENLY AWARE OF THE INTERMODAL NEEDS SINCE THE REDUCTION OF BREAKBULK SHIPS IN FAVOR OF CONTAINER SHIPS IS PLACING GREATER EMPHASIS ON THE USE OF INTERMODAL CONTAINERS FOR MOVEMENT OF MILITARY EQUIPMENT. EFFICIENCY IS DRIVING THE PRIVATE SECTOR TO INTERMODALISM AND FUTURE HIGHWAY LEGISLATION MUST SERIOUSLY CONSIDER THE EFFECTS. SIMPLY STATED, INTERMODALISM IS THE WAY OF THE FUTURE AND TRANSPORTATION THINKING SHOULD REFLECT THAT DIRECTION.

THE LAST THING THAT I WOULD LIKE TO ADDRESS TODAY, IS THE NEED TO DEVELOP A NATIONAL TRANSPORTATION DATA BASE. WE BELIEVE THAT SUCH A DATA BASE IS ESPECIALLY CRITICAL TO MAKING DECISIONS IN TODAY'S DYNAMIC ENVIRONMENT. AS IN ALL AREAS OF OUR SOCIETY, THE COMPLEXITY OF THE SYSTEM AND THE LIMITED RESOURCES REQUIRE SOPHISTICATED ANALYTICAL TOOLS FOR ANALYZING POLICY OPTIONS, MAKING INFRASTRUCTURE INVESTMENTS, AND MAINTAINING CONSISTENCY AMONG AGENCIES. THE CONCEPT HAS BEEN DISCUSSED WITH OTHER FEDERAL AGENCIES AND THEY ALSO HAVE A VITAL INTEREST IN SUCH A DATA BASE. THE IDEA MERITS SERIOUS CONSIDERATION AND WE WOULD WELCOME THE OPPORTUNITY TO PARTICIPATE IN THE PROCESS.

IN SUMMARY, THE NATION'S HIGHWAY SYSTEM REMAINS THE ESSENTIAL LINK FOR PEACETIME EFFICIENCY AND STRATEGIC DEPLOYMENT FOR THE DEPARTMENT OF DEFENSE. WE WOULD APPRECIATE THE COMMITTEE'S SUPPORT OF PROGRAMS TO ENHANCE THE ABILITY OF THE HIGHWAY SYSTEM

TO SUPPORT DEFENSE TRANSPORTATION REQUIREMENTS. THIS WILL ENSURE THAT THE U.S. HIGHWAY SYSTEM WILL CONTINUE TO BE RESPONSIVE TO DEFENSE EMERGENCIES. AS I PREVIOUSLY STATED, THE MOST IMPORTANT DEFENSE NEED, BY FAR, IS TO ENSURE THAT THE INFRASTRUCTURE WILL CONTINUE TO SUPPORT DEFENSE REQUIREMENTS. WE FEEL THAT THIS COULD BEST BE ACCOMPLISHED THROUGH INCLUSION OF STRAHNET AND CONNECTORS IN THE "HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE". THIS WILL ASSURE A CONTINUING FEDERAL ROLE IN THESE ROUTES OF NATIONAL IMPORTANCE.

ONCE AGAIN, I APPRECIATE THE OPPORTUNITY TO ADDRESS THE COMMITTEE. I WILL BE GLAD TO ADDRESS ANY QUESTIONS YOU MIGHT HAVE.



Department of Transportation

TRANSPORTATION BUILDING, SALEM, OREGON 97310

In Reply Refer To
File No.:

November 15, 1989

ORG 3

The Honorable Max S. Baucus, Member
Senate Committee on Environment
and Public Works
458 Senate Dirksen Office Building
Washington, DC 20510-6175

Attention: Nadine Hamilton

I am sorry I was unable to attend the field hearing of the Senate Committee on Environment and Public Works in Lewiston. I want to thank you for the opportunity to comment on a topic of such great importance as the next federal surface transportation act.

The next act will be a critical determinant of whether the U.S. will have a transportation system that meets its economic and social needs in the decades ahead. Given other pressing needs in this country, it is easy to overlook our transportation system. Investment in transportation infrastructure is critical to the continued economic vitality of the Nation.

The Senate Committee on Environment and Public Works should be congratulated on beginning deliberation of this important legislation. There are many difficult issues to be resolved. I have limited my comments to three topics: (1) preservation of the dedicated-user fee trust fund, (2) surface transportation program priorities, and (3) equitable taxation of the trucking industry.

From our perspective, the most important surface transportation issue confronting Congress is the preservation of the dedicated-user fee trust fund for surface transportation. The revenues generated by transportation-user taxes must continue to be reserved for the benefit of transportation users.

While it may be necessary to increase federal revenues for transportation programs of national significance, such revenues will support the transportation programs of all states. However, increases in federal fuel tax rates for nontransportation purposes will restrict the ability of most states to continue their transportation improvement programs. This occurs because: (a) the tax on users is uncoupled from the benefit to the users, and (b) high fuel prices, caused by higher tax rates, erode public support for needed fuel tax increases supporting transportation programs.

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POLICY/FINANCE

Senator Baucus
November 15, 1989
Page Two

Key elements of the next surface transportation act should include preserving the Interstate System and emphasizing the use of public transit to alleviate our urban congestion problems. The Interstate System is the backbone of America's highway system. It is comprised of the routes of highest national importance, linking principal urban areas with America's borders and coastlines. While the system comprises only 1% of the nation's highway mileage, it accommodates over 21% of vehicle miles traveled. These routes serve national defense and provide the main corridors of interstate highway transport.

Those of us charged with managing the highways focus on two broad areas of need: (1) protecting the investment, that is preserving the existing system, and (2) modernization, or increasing the capacity of the system to carry more traffic. While modernization needs are great, preservation of this tremendous national investment should be the primary goal of any future national transportation program. Quite simply, it bestows the most benefit to the most people.

The current federal program for interstate preservation is Interstate 4R. Interstate 4R funds are apportioned to states according to a formula weighted 55% by the proportion of interstate lane miles in each state, and 45% by the estimated proportion of vehicle miles traveled on the Interstate System in each state.

In the past, Congressional debate has centered around how to account for interstate use and its impact on the Interstate 4R funding process. The factors of lane miles and vehicle miles traveled were selected after a review and evaluation by the Federal Highway Administration. Lane miles account for both the extensiveness of the Interstate System in a state and its contribution to 4R needs. Vehicle miles traveled reflects the use of the system and the abuse it may be taking from trucks and traffic in general.

The 1981 amendments to the existing act saw a major shift in the vehicle miles traveled formula, from 25% to 45%, and reflected a major shift of Congressional concern over the impact of traffic on the Interstate System. In other words, Congress accurately recognized that high traffic volumes carried by some segments of the Interstate System would result in premature failure of those segments.

Another reason the 1981 amendments reduced the emphasis on lane miles was that many of these lanes were relatively new. However, today we are at the point where most of the lanes on the Interstate System are reaching their 20-year design life, whether from traffic or aging, and need major rehabilitation work. Therefore, it is time

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November 15, 1989
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to reassert the role of lane miles as the primary indicator of need in the preservation formula.

It is important to note that "lane miles" is also the more accurate of the two measures. "Vehicle miles traveled" is an estimate of use and, therefore, subject to interpretation. "Lane miles", on the other hand, is easily quantified and verifiable by all parties.

The other necessary element the next surface transportation act must address is the Nation's urban congestion problem. In recent years, it has become clear that highway improvements, by themselves, do not solve the problem of urban congestion. It is our belief the solution to urban congestion will heavily rely upon the integration of land-use planning with major improvements to transit systems. This has three implications for the next surface transportation act:

1. Federal funding of transit programs should be increased.
2. A large discretionary federal-aid transit funding category should be maintained. This category would fund large projects such as rapid rail, light rail and perhaps HOV lanes along major transportation corridors.
3. When distributing transit assistance, the federal program should give credit to cities having effective land-use planning programs. This would include credit for planning and encouraging high-density development, attaining private sector joint development commitments, or assembling sites for joint development that are reflected in increased ridership forecasts or cost efficiency analyses.

Turning to another topic, the trucking industry may request the elimination of states' authority to levy weight-mile taxes and increased weight limits in the next surface transportation act. When Congress responds to these requests, it should consider the issues of equity and economic efficiency in truck taxation.

Cost responsibility studies undertaken by the Federal Government, and a number of states, typically find that operators of heavy trucks pay less than their equitable share to maintain and rehabilitate highways and bridges. Many highways and bridges were simply not built to handle the heavy loads carried by today's trucks.

As a result of this and other factors, much of our national highway freight transportation system is in a state of disrepair, and virtually every state faces a shortage of funds to maintain its roads. Today, fully half of the roads in the Nation are rated in poor to fair condition.

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Furthermore, the fact that some transportation modes are paying less than the full cost of maintaining the facilities they use reduces intermodal equity and distorts the optimal allocation of intercity freight traffic among competing modes.

Engineering studies dating from the American Association of State Highway Officials (AASHTO) Road Test of the late 1950s have demonstrated convincingly that heavy axle loads (and not vehicle gross weight *per se*) are the primary cause of pavement wear. The relationship between axle weight and pavement wear is such that wear rises disproportionately with the load. A doubling of the weight on a single axle, for example, results in approximately a 16-fold increase in pavement stress.

Hence, one promising approach to protecting the national investment in highways is to explicitly encourage the use of trucks with more axles and lower weights per axle. Such an approach could dramatically reduce the amount of pavement wear associated with the transportation of any given amount of freight and, ultimately, the need for revenue to repair this wear.

A recent study for the Brookings Institution has estimated that having truckers pay user fees based explicitly on axle weights could reduce pavement wear by 38 percent. The resulting savings in maintenance costs would be more than sufficient to reconstruct a durable road system. The authors of the Brookings study estimate the net savings from operating trucks with more axles on more durable highways would be about \$7 billion annually.

Truck taxation should ensure that trucks meet their cost responsibility. However, a system of taxation that encourages the use of more axles and lower axle weights would allow affected carriers to reduce their tax liability by adding additional axles. At the same time, the use of lower axle weights will reduce pavement wear and the consequent need for future revenues to repair this damage.

Encouraging the use of additional axles and lower axle weights through appropriate taxing mechanisms thus represents a "win-win" situation for the trucking industry and highway officials alike. As such, this approach to improving equity and economic efficiency within and between modes is both technically feasible and politically possible.

A truck taxation system with aspects of these principles is about to go into effect in Oregon. This system is a weight-mile system modified to benefit those carriers having more axles and lower axle weights. Rather than eliminating all weight-mile taxing systems, a similar system should be considered for adoption by the Federal Government, particularly if increases in vehicle weight limits are to be considered.

Senator Baucus
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The Federal Government may choose not to adopt incentives to reduce axle loads. However, at the very least, the Federal Government should not preempt the ability of the states to implement these incentives.

In summary, Oregon urges Congress to preserve the tax base of the Federal Highway Trust Fund, maintain the investment in its transportation infrastructure by voting a strong, well funded STAA with sufficient attention to interstate preservation, place greater reliance on transit and land-use planning to solve urban congestion problems, permit the states to raise transportation revenue from weight-mile fees, and consider the creation of a federal weight-mile fee that encourages lower axle weights.

ORIGINAL SIGNED BY

GARY A. POTTER

Robert N. Bothman
Director

bc Gary Potter
Roland Casad
Dave Williams
Jack Svadlenak

JS:ap:rw



Washington State
Department of Transportation
Transportation Building KF-01
Olympia, Washington 98504-5201
206 753-6006

Duane Berentson
Secretary of Transportation

November 14, 1989

The Honorable Max Baucus
United States Senator
706 Hart Senate Office Building
Washington, D. C. 20510-2602

Dear Senator Baucus:

I respectfully submit the enclosed written testimony for the record of the field hearing on Reauthorization of the Federal-Aid Highway Program, held November 11, 1989 in Lewistown, Montana.

I am sure that the information gathered through this hearing will be invaluable to the Senate Committee on Environment and Public Works. While I could not attend the hearing, I appreciate the opportunity to submit the enclosed comments.

Sincerely,

A handwritten signature of Duane Berentson, consisting of a stylized 'D' followed by a series of loops and a final 'B'.

DUANE BERENTSON
Secretary of Transportation

DB:sjy

FIELD HEARING ON THE FEDERAL-AID HIGHWAY PROGRAM

SENATOR MAX BAUCUS

SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

November 11, 1989

TESTIMONY BY

DUANE BERENTSON

SECRETARY OF TRANSPORTATION

WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

Duane Berentson
Washington State
Department of Transportation
Page 1

INTRODUCTORY REMARKS

The imminent completion of the National System of Interstate and Defense Highways and the need to reauthorize Federal-Aid Highway Programs are seen as an opportunity to explore new directions in the Federal role in transportation, and to formulate a Federal-aid surface transportation program out of the existing Highway, Mass Transportation and Safety Programs. This is more than an opportunity. It is our shared responsibility to review the effective and the not-so-effective elements of current Federal-Aid Highway Programs, in the context of today's multimodal transportation needs and increasingly inadequate sources of transportation revenues.

Through all of this, however, there should be the overriding thought that Federal-Aid Highway Programs have been an example of the most effective Federal/State/Local cooperation ever known. It has endured for over 70 years, and has produced a surface transportation system unparalleled in the world. While it is important that we review future transportation needs, transportation goals, policies and general program structure, we must not discard our successes and abandon the stability of our current programs, when simple fine-tuning will suffice.

GENERAL SURFACE TRANSPORTATION ISSUES

Dedication of Highway Trust Fund Revenues

The future success of Federal surface transportation programs is dependent on the continued dedication of Highway Trust Fund revenues, derived from transportation user fees, to transportation programs. Highway Trust Fund expenditures should be removed from the Unified Federal Budget, and transportation user fees must not be used as a solution for non-transportation deficit spending. This would demand the discontinuance of imposed obligation limitations, so that all available transportation revenues can be fully utilized.

Separate Funding for Each Mode

While future transportation needs will require multimodal solutions, each modal program should have a separate, distinct fund source. Successful examples are the distinct revenue shares currently dedicated to highway and transit programs within the Highway Trust Fund, and the General Fund revenues provided specifically for transit.

Duane Berentson
Washington State
Department of Transportation
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Increased Transportation Revenues

It is widely accepted that the cost of addressing future transportation needs greatly exceeds the ability of current revenue sources. Increased transportation revenues are essential to provide for the safety of the travelling public and the economic health of the nation. Additional Federal transportation revenues should be distributed ratably among the various transportation programs, with states and local governments receiving equitable shares.

FEDERAL-AID HIGHWAY PROGRAM STRUCTURE

Completion of the Interstate

The current Surface Transportation Act does not contain sufficient authorizations to complete the Interstate Construction Program. Fulfillment of the long-standing commitment to complete all Interstate segments listed in the Interstate Cost Estimate will require one final authorization of about \$4.0 to 4.5 billion, which includes the \$1.5 billion already authorized for apportionment in Federal Fiscal Year 1991.

After this final authorization, freed-up Interstate Construction funds should be distributed ratably among other Federal-Aid Highway Programs.

Structure of Program

Some gains in management efficiency could be achieved through a reduction in the number of Federal-Aid Highway programs, below the current count of about 32 programs. There has been considerable discussion of a Federal-Aid Highway Program comprised of two major components, a "System of National Significance" (basically the Interstate and a major part of the Primary System), and a "flexible" program to address remaining road and bridge needs also of importance to the nation. This new structure might be feasible if sufficient safeguards are included to retain programs critical to local governments.

Retention of Local Programs

It should be remembered that primarily local programs, such as the Federal-Aid Secondary, Urban and Bridge Programs, make a significant contribution to the national interest, and Federal revenues represent a critical funding base for these programs. Even if the so-called "flexible" program is enacted, distinct subprograms similar to those currently serving local needs should be retained. Additionally, local

Duane Berentson
 Washington State
 Department of Transportation
 Page 3

governments in each state should be guaranteed a hold-harmless 1991 level of funding plus a proportionate share of future Highway Trust Fund revenue increases.

Distribution of Funds to States

An equitable but effective donor/donee relationship between the states is an essential element of the Federal role in highway funding. Rural states with relatively small tax bases would be unable to meet their minimum road and bridge needs if their share of Federal highway funds were limited to the amount of tax revenue contributed by the state.

Federal highway funds would best be distributed to the states, based on factors relating to road and bridge systems, such as the number of lane miles and vehicle miles travelled. If some portion of the program, such as the "flexible" program, must have a distribution structure based on state contributions, we believe this structure must include special provisions for rural states, calling for an initial hold-harmless floor and guaranteeing them an equitable share of future Highway Trust Fund revenue increases.

Federal/State Share

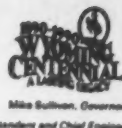
The Federal match rate or level of participation in project costs should be established at 85 percent for the so-called "System of National Significance", and somewhere in the 75 to 85 percent range for other programs.

Federal Guidelines and Standards

There will always be a vital need for a reasonable level of Federal oversight of highway planning and design for projects receiving Federal funding. While Federal guidelines may need to be less restrictive and burdensome, Federal standards must be utilized to assure uniformity in highway design and safety performance, and to provide the benefit of national research and technology sharing.

SUMMARY

The Federal-Aid Highway Program has worked very well for the State of Washington. As the national emphasis shifts from completion of the Interstate System to congestion relief and preservation of our multimodal transportation system, the preferred result would be to continue the successful program elements, with proper fine-tuning, and maintain the long-standing Federal/State/Local partnership in providing for the nation's transportation needs.



Wyoming State Highway Department

P.O. BOX 1708

CHEYENNE, WYOMING 82002-9019

November 8, 1989

The Honorable Max Baucus
United States Senator
United States Senate
Committee on Environment and Public Works
Washington, D.C. 20510-6175

Dear Senator Baucus:

As Superintendent and Chief Engineer of the Wyoming State Highway Department, I am happy and pleased to offer the following testimony for your consideration. Before addressing your specific questions, I would like to preface my remarks by stating that Wyoming has participated in the Consensus 2020 Transportation Forums sponsored by both the Highway Users Federation and the American Association of State Highway and Transportation Officials (AASHTO). We are in agreement with most of their policy statements and have been very supportive of their efforts. Now for the specific questions:

- (1) the direction the Federal-aid highway program should take now that the Interstate System is essentially complete;

The Federal-aid highway program should be directed toward protecting service on the Interstate, assuring a high quality of road and bridge maintenance, improving highway safety, protecting local service in rural areas, and assuring uniformity of conditions across state lines.

- (2) the appropriate roles of Federal, State and local governments in delivering transportation programs;

The Federal-State partnership first enacted by Congress in 1916 has worked well. We believe this partnership should be continued but improved. To do so, the partnership must allow for greater flexibility than currently exists in the relatively rigid highway categorized programs of today. While not advocating abolition of the categorical funding programs, we suggest that the number of categories be limited to Interstate, Primary, Secondary, Urban, and Bridge while recognizing a procedure to transfer funds between categories. This simplification would certainly be more efficient to

administer and still be responsive to the great diversity of need amongst the states.

- (3) the level of highway revenue coming into the Highway Trust Fund compared to highway needs;

There have been studies and reports which indicate that Highway Trust Funds are inadequate to satisfy the infrastructure needs of the nation's highway systems. However, what is of more importance at this time is the ability to utilize the funds which are within the Trust Fund. Every hearing in which we have received public input has been overwhelming in stating that the Highway Trust Fund should be continued. It should be used solely for highway purposes, and it should be removed from the Unified Federal Budget process and exempted from various budget cutting and budget balancing measures. At this time, it is not the amount of funds within the Trust Fund, but the inability to utilize them, which is the problem.

Generally speaking, we are satisfied with current Federal, State and local divisions of funding responsibilities.

- (4) apportionment formulas;

Past apportionment formulas have been relatively fair. It is hoped that future formulas will continue to recognize large rural states such as Wyoming with sparse population and large Federal land holdings. Given these conditions, it is virtually impossible to meet the revenue needs of the transportation system. Federal allocation formulas relying heavily upon vehicle usage, registration, population and fuel consumption to rural areas are unfair. We support formulas that stress lane miles and vehicle miles traveled. A provision for minimum apportionments to sparsely populated states should be contained in the future Federal Aid Highway Act.

- (5) Federal design standards and requirements for the Federal-aid highway system;

Uniformity of design standards for Federal-aid highway facilities are necessary and important. However, allowance and recognition of individual State requirement should be allowed to occur when justified. The Federal government should recognize the great variance in climate, usage, need and related conditions and provide for flexibility in selection of design standards.

- (6) transportation needs in rural and urban areas;

Federal assistance is needed in both rural and urban areas. The need in Wyoming is obviously more intense in the rural areas because of our vast size and sparse population. Our

counties are not able to raise sufficient revenues to satisfy bridge and road needs. Of particular importance is the replacement and rehabilitation of deficient bridges which are extremely costly. Federal assistance is totally inadequate and many physically and functionally obsolete bridges can not be improved because of insufficient funds.

Urban areas suffer much of the same concerns because of the size and complexity of urban area projects. Often times it is necessary to delay projects until sufficient funds can be accumulated. This is undesirable and inefficient as inflation can nearly keep pace with revenue accumulation.

(7) highway needs on Federal lands;

As a State of large Federal lands, the funds allocated through the Federal Forest Highway Program and Public Lands Program fall woefully short of need. The problem is two-fold. First there is a shortage of construction funds to satisfy back-log needs and secondly, when constructed, other revenue sources are required for maintenance. In summary, the usage of Forest Highway funds requires a cooperator, either State or local government entity, to make a long term commitment of maintenance.

(8) the effects of highway tax exemptions, diversions of highway user fees and highway sanctions;

Exemptions and diversions of highway user fees erode the Highway Trust Funds. As stated before, the Trust Fund should be continued and protected. We strongly support the concept of highway user fees and oppose anything which would result in the diversion of funds resulting from that concept.

Highway sanctions are contrary to good management. A system of incentives would be more effective in our estimation.

(9) agriculture/industry transportation needs;

In rural agricultural areas, the road system provides the only means of transportation available. Unfortunately, many of its miles and bridges are inadequate. It goes without saying this results in detours, slower delivery times, increased product loss and damage, higher vehicle operating costs and generally inefficient transport. Industry transportation needs suffer many of the same effects but are usually less prevalent because the largeness of industries usually justifies upgrading of transportation facilities.

(10) the ability of States with small populations and large

geographic areas to raise sufficient revenues for highway needs;

As stated before, states with small populations and large geographical areas find it very difficult, if not impossible, to raise sufficient revenues for highway purposes. The ability to raise enough revenues to match Federal funds is often difficult. What rural America needs is an efficient and consistent form of Federal funding. Rural America has the same right to an efficient transportation system as that of urban America and the inability to raise sufficient funds through user taxes should not disadvantage it.

(11) alternative methods of financing and maintaining highways;

Wyoming is a strong advocate of user taxes and the Highway Trust Funds. Users should pay for the facilities; this has been the practice in the past and it should be retained in the future. We also support the continuation of categorical funding as opposed to block grants or Federal "turn back" programs. However, there should be greater flexibility allowed in utilizing categorical funds. There is simply too much diversity of need amongst the States to expect a rigid categorical system to operate efficiently.

(12) current proposals to restructure the Federal-aid highway program;

Generally speaking, Wyoming is satisfied with the current Federal-aid highway program and would like to see it continue in much of its current format. However, we do recognize the need for flexibility and some change and are supportive of AASHTO efforts to redefine the Federal role as well as a new Federal-aid Highway Act. What concerns us most of all is that any new appropriation formulas recognize the plight of donee states and retains their protection. Without "hold harmless" clauses or minimum apportionments, states such as Wyoming could suffer extreme hardships.

(13) speed limit; and

Wyoming is content with the current speed limit restriction. There has been no significant changes in safety; matter of fact, there has been some evidence that traffic operations have improved and are safer because of less variation amongst the exhibited speeds of highway users. In addition, the reduction in travel times for the rural states has resulted in much greater transportation efficiency.

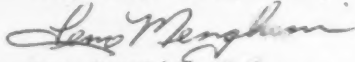
(14) any other issues of concern regarding the Federal-aid Highway Program;

In summary, Wyoming has found the existing Federal-aid

highway program to be fair, equitable and workable. It is our desire that the new Federal-aid Highway Program continue in that manner. Our major concern is that the recognition of "donee" states and their special needs be retained. To do otherwise would not be in the national interest of this country.

In closing, I would like to extend my appreciation and thanks to the Committee for allowing me to express my views. I wish you well on your task. Thank you.

Very truly yours,



Leno Menghini, P.E.
Superintendent and Chief Engineer

cc: Senator Malcolm Wallop
Senator Alan Simpson
Representative Craig Thomas



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DONN PENNELL, PRESIDENT

Senator Max Baucus, Chairman
Senate Environment and Public Works Committee
Washington, D.C. 20510-2602

Re: Lewistown Hearing
November 11, 1989

Dear Senator Baucus,

I was not able to appear at your hearing Saturday in spite of the fact that I had prepared oral remarks. I was speaking for the Highway 200 Association.

This letter, then, is for the record of that hearing. Other points were made at the hearing, with which we agree, and those points need not be repeated here.

I would have discussed the postage stamp analogy and its appropriateness to lesser populated areas such as Montana. It is my belief that all state highways, however technically classified for administrative purposes, should be servisable and safe, i.e. designed and constructed (and maintained) for user safety.

Our lesser populated area does not generate nearly the gas tax funds, state and federal, as does the high density areas such as California, but this should by no means be the reason to hazard our safety in our use and commerce. The significance to each of us here is probably more meaningful than Angelenos, for instance. We depend on our roads almost exclusively. We do not have highly efficient alternatives (ref essential air service concepts).

Some present proposals are at the expense of our state highway system with the implication that older roads cannot be brought up to current usage (standards) and new construction seems no longer possible. This is more than a pragmatic pity to us that have to live here.

Funding levels for our existing system cannot be reduced without effects exceeding the loss of the funds. It will affect our lives.

We note, when we think on the problem, that postal fees throughout the country are the same and universal; the same should be the case for all citizens in our country. We should be able to expect use and service no matter where we live in our country. This should be our right.

Sincerely,

Donn Pennell
for the Highway 200 Association
(Fergus County)

International Union of Operating Engineers

Local 400
Affiliated with AFL-CIO
Montana
JOHN C. "JACK" CALDWELL
 President

MICHAEL J. KEATING
 Vice President

BOB DANIELS
 Treasurer

LARRY GRIBBLE
 Int. Comm. Secretary

JOHN C. "JACK" BALL
 Business Manager &
 Financial Secretary

HEADQUARTERS
 2771 Airport Road
 Helena, Montana 59601
 Telephone: (406) 443-0997

MAIL ADDRESS
 P.O. Box 5909
 Helena, Montana 59604

My name is Jim Tucker and I am a Business Representative of the International Union of Operating Engineers Local 400, District #3, Great Falls. I have a few comments to make on the reauthorization of the Federal Aid Highway Act and the retention of current formulas for allocating funds to rural states like Montana.

You might say that the Federal Aid Highway Act and the Davis-Bacon Act represents the livelihood of heavy equipment operators throughout the State of Montana. Without the highway funding for Montana and the prevailing wage rate established by the Davis-Bacon Act, workers involved in the construction and building and maintaining of the roads in Montana would literally starve. We hear a lot about the unemployment rate going down but the jobs that the people are filling are really not in the bracket of a decent living. The jobs are mainly in the low rate of pay, scarcely enough for a worker to live on, let alone feed his family.

Highway funding provides good roads and can mean continued tourism and recreation activity, but most of all, it means a decent, living wage for the workers of the State of Montana.

Thank you.

James R. Tucker
JAMES R. TUCKER

Business Representative

**The Jack Creek Road
Madison County, Montana**

An Economic Development Project Linking U. S. Hwy. 191 with U. S. Hwy. 287

Issue Paper

**Jack Creek Road Task Force
A Madison County Commission Advisory Board**

The Jack Creek Road Madison County, Montana

Economic Development will become the primary issue for Montana in the 1990's. Concern for Montana's economy has been at the forefront of political debates at all levels of government. Efforts to revitalize Montana's agricultural, forestry, mining and recreation industries are on the agendas of planning groups across the state. Madison County, located in southwestern Montana, is part of this debate.

State Highway 64 is a spur road which connects U.S. Highway 191 with the Big Sky resort. The Jack Creek Road is a proposed road construction project which would continue state Highway 64 to U.S. Highway 287. The Jack Creek Road is a 22 mile road which connects Big Sky's Mountain Village to the town of Ennis.

To many residents of the area, public access to the Jack Creek Road means the possibility of linking all of southwestern Montana into a recreation market network. This network would include the blue ribbon trout streams of southwestern Montana, Big Sky resort, Yellowstone National Park and historical sites such as Virginia City and Lewis and Clark Caverns.

Currently there are two segments of the Jack Creek Road. One is owned privately by Burlington Northern, Inc. and stretches 12 miles from the Big Sky Mountain Village to the Jack Creek campground. The second segment is a 10 mile county road from the Jack Creek campground to the town of Ennis. The route passes through the Hammond and Jack Creek drainages of the Madison Range. The geography features clearcut meadows in mountainous terrain.

Development of the Jack Creek Road is an issue which has been discussed for over 15 years, yet many questions remain. Will the project benefit the economy of southwestern Montana? What will the project cost? How will the road be funded? What will be the specific route? What growth problems will accompany construction of the Jack Creek Road? What is the environmental impact? What is the role of

government? What is the role of private business? What is the role of the public?

The Jack Creek Road as a Study Issue

Preliminary research into construction of the Jack Creek Road has shown that an opportunity exists to benefit the economy of southwestern Montana. Research has shown that federal and state economic development and federal transportation special project funds do exist. Many groups have voiced their support of the Jack Creek Road as a economic development issue for southwestern Montana.

Public access to the Jack Creek Road has gained the support of the seven county commissions in the Headwater Resource & Development Council. Public access to the Jack Creek Road has been supported by area Chambers of Commerce. It is supported by the property owners association of Big Sky. The project has been given agreement in principal by members of Montana's congressional delegation. The Montana Department of Commerce has publicly endorsed the project.

Individuals who oppose the road express concern about rapid changes in the area. Some believe that adjacent communities will not benefit economically. Many believe the project is too costly to consider. Some consider skiers an "unsavory" element. There are environmental concerns for Jack Creek. There is a great deal of debate about the best route for the road.

In November of 1989 the Madison County Commission appointed a group of professional planners, interested citizens and business representatives to research the many issues surrounding construction of the Jack Creek Road. The Jack Creek Task Force will assess the degree of public support for the project. It's role will be to solicit input from Chambers of Commerce, town councils, service organizations, economic development councils, land use agencies, county commissions, officers of state, county and local governments and private citizens. The task force shall enlist the assistance of Montana's congressional delegation, seek funds for project planning and construction costs, and study public access issues. The issues presented by opponents and proponents must be given equal and objective study. Task Force

recommendations must be supported by verifiable data.

The task force will gather data from economic and business development research agencies; tourism promotion bureaus in Montana, Utah, Colorado, Wyoming, Idaho and California; ski industry market studies; land use data bases; and interested citizens. Public hearings will be held to determine concerns about development of the Jack Creek Road for public recreation access.

The task force will research funding options available from government and private sources. Project planning grants will be pursued to complete preliminary engineering studies and project costs. The task force will hold regular meetings and report their findings to the Madison County Commission.

Within one year, the Jack Creek Task Force, shall present to the Madison County Commission a final report, documenting the results of their research. The report shall consist of specific findings and recommendations.

Recreation and Tourism as a Vital Montana Industry

Recreation and tourism have been determined to be major forces in the efforts of Montanans to improve their quality of life and stimulate Montana's economy. After years of domination by a natural resource based economy, Montana is attempting to diversify by development of it's recreation potential. Montana jobs in agriculture and mining have dwindled. Many Montanans are seeking expansion of clean industries, compatible with Montana's environment. Development of Montana's recreation industry has gained the support of state and local government, tourism organizations and business groups.

Big Sky of Montana, a privately held resort corporation located in Madison County between Highway 191 and Highway 287, has invested in the Montana economy by creating nearly 750 jobs in Madison and Gallatin counties. Big Sky is Montana's largest destination resort complex offering to its year round guests over 1,000 condominium units, residences, and hotel rooms. The Big Sky resort is growing

rapidly and has scheduled completion of a 94 condominium complex for February of 1990 and an adjoining convention center by June of 1990. The corporation is aggressively promoting Big Sky of Montana in the growing national ski market.

The winter ski market of Big Sky and the summer recreation markets of the Madison, Jefferson, Ruby, Big Hole and Beaverhead Rivers are presently separated geographically. Summer recreation in southwestern Montana is now accessed only by highway routes which circumvent the 100 mile Madison Range. The Jack Creek Road is located to provide immediate access to summer recreation for guests of Big Sky of Montana and winter road access for east bound skiers. In addition, the Big Sky Air Park located 8 miles south of Ennis on Highway 287, could provide air access for Big Sky of Montana guests.

History of the Jack Creek Road

Historical issues relating to the development of the Jack Creek Road have centered around two main issues. In 1975 public hearings were held throughout the state concerning the routing of a proposed Montana Power Co. transmission line. Routes considered were along Highway 191 in the Gallatin Canyon or through the Madison Valley and across the Jack Creek pass. The later route was approved and the line installed in 1987.

In 1982 the U. S. Forest Service entered into a land exchange agreement with Burlington Northern, Inc., parent company of Plum Creek Timber Co. That agreement consolidated government land holdings in the Lee Metcalf Wilderness area and consolidated private Burlington Northern holdings in the Jack Creek area. Issues concerning protection of wildlife and wildlife habitat were addressed when the Jack Creek Road became designated as a private use area. Vegetation in the area has changed with the removal of merchantable timber. Wildlife protection and streamside management practices could be improved with planned public access.

The Jack Creek Road, an improved logging road, was completed by Plum Creek Timber in 1983 to gain access to timber harvests of the Jack Creek drainage.

The road is also used by Montana Power Company to service their transmission line. The road is presently closed to the public.

Funding of the 22 miles of road construction, is beyond the tax base of a single Montana county. Cost of construction has been speculated at \$24 million, but no definitive cost projections have been completed. The Montana state share of federal highway formula funding has been proposed to decrease, and current Montana road projects are on 10 and 20 year planning lists. The federal government approves demonstration project highway grants, and provides economic development and recreation access assistance to other states. Montana and Montanans are deserving of recognition of their state's recreation potential.

Is there a loss to Montana's economy with each year that the project is delayed? Will development of the Jack Creek Road actually benefit Montana's economy? Do Montanans desire convenient access to recreation? These questions and others are to be addressed in detail by the Jack Creek Road Task Force. The goal of the task force is to determine the project's feasibility, identify the advantages and disadvantages of the project, and make specific recommendations to the Madison County Commission.


MONTANA STATE BUILDING & CONSTRUCTION TRADES COUNCIL

IN AFFILIATION WITH

THE NATIONAL BUILDING & CONSTRUCTION TRADES DEPARTMENT

AMERICAN FEDERATION OF LABOR - CONGRESS OF INDUSTRIAL ORGANIZATIONS

 President JOHN C. BALL

 Secretary-Treasurer JOHN FORKAN

TO: Senate Committee on Environment and Public Works

The Montana State Building and Construction Trades Council supports reauthorization of the Federal Aid Highway Act and the retention of current formulas for allocating funds to rural states like Montana.

Changing the allocation formulas in programs such as this is just one of many ways that the more populous states get a bigger slice of the pie. Those of us in the rural states are so few that we have to rely on the help of our neighbors across the country in programs such as highway construction, that's the essence of what we call the federal system of government and shared responsibility.

We in Montana have to start approaching things like Federal Highway funding as more than just a piece of the Federal pie - we've got to start treating it like an economic development tool and lobbying for it on that basis.

Highway funding for Montana really is an economic development tool. Fair highway funding provides good jobs for Montana workers, whose incomes provide the majority of the stimulus for our consumer-oriented economy.

The Montana economy, much like the Nation's, is creating many low-paying service and retail jobs that families can't live on and businesses can't survive on. This is one area where we can take a positive step toward the creation of more good-paying jobs that can support our economy and our families.

Highway funding provides good roads for us in our work and business lives. Those good roads allow us to keep our transportation and commercial links open to the far reaches of our state and our region. Many businesses involved in making relocation decisions rate transportation as a key factor, and in Montana that means roads.

Highway funding can mean continued tourism and recreation activity

in Montana, where many communities thrive on the desire of Americans to hop in their cars and RV's to go visit Yellowstone or Glacier National Parks.

It is clear to us that Federal action on highway funding means more to Montana than just getting it's fair share of the Federal pie - it means economic development across the board.

The Federal Aid Highway Act also means more to those of us who work in the building and construction trades. How it is implemented and administered affects our lives and our incomes very directly.

We urge Congress to reaffirm the application of the Davis-Bacon prevailing wage law to federally supported highway projects, and we urge Congress to prevent employer abuse of workers through such practices as double-breasting, which is nothing but a legal trick to increase Company profits at the expense of workers, all paid for by the Federal Government.

Thank you for your time and attention.



JOHN C. BALL

President

August 28, 1989

TO: Mr. H. Joseph Rhodes, Chairman
Rural Transportation Cluster Group
Room 3317 HPP-1
400 Seventh Street SW.
Washington, DC 20590

FROM: Mr. John D. Hickey
P.O. Box 277
Ennis, MT 59729

RE: National Transportation Policy

Transportation is the economic backbone of rural America, and in particular transportation on highways that are part of the Federal Aid System. In rural Montana virtually everything is tied in some critical way to the only form of mass public transportation we have - our highways. Access to rail, bus, and air transportation is very limited in Montana, and because of the vast distances involved, use of these forms of transportation must usually be preceded by utilization of the highway system.

Rural Montana is a place of few people and large distances. Our state has 11,758 miles of Federal Aid System highways and 809,000 people (1987 intercensal estimate). In average per capita terms, this translates into 76.7' of highway for each Montanan.

In Madison County we are even more rural than Montana as a whole. Our population density is 1.5 persons per square mile as opposed to 5.4 persons per square mile for the state. Madison county has 174.3 miles of Federal Aid System Highways, and its 1987 estimated population is 5700 people. In average per capita terms, this translates into approximately 161.5' of highway (28' surface

width) per Madison County resident.

Let us now apply this same type of analysis to a hypothetical scenario in an urban environment. Assume this urban area contains a population of 2,000,000 and besides the city streets it has 4000 miles of Federal Aid System two lane equivalent (ie. 2000 miles of four lane). In average per capita terms, this translates into approximately 10.5' of highway (28' surface width) per resident of this urban area.

If we look at this a different way and say that each person in the urban environment depended on the highways as much as rural Americans such as those of us in Madison County - that urban area would need 61,174 miles of highways to fulfill its needs!

This simple analysis shows that rural Americans have an acute dependance on the infrastructure of the highways not only for the basic necessities but also for any socio-economic development.

Only 25% of Madison County's Federal Aid Primary (FAP) highways are built to 1980 or newer standards. Another 25% are built to or were upgraded to 1960's and 1970's design standards. 50% of our County's highways are virtually the same as they were in 1960 other than usual maintenance changes, and of this, 29.4% (51.1 miles) are the same design as when they were built in the 1930's. How high is the percentage of urban highways that are running fifty year old design speeds, bridges, and roadbeds?

Our roads are not impassable by any means, and they are not choked by overcrowding. However, they are aging and many miles can only be maintained at a bare minimum quality, while improvements occur at a very slow pace because of our low density traffic

counts.

As you can see by the per capita foot example that was used previously, Montanans rely on large distances of highway. If they had to pay for the entire state system it would be impossible. Without Federal funding there would be no rural highway system. The per capita income of rural America is not large enough to create tax revenues of the size needed to pay for the maintenance, improvements, and new construction of the necessary highways. All economic growth that happens in rural America is fundamentally tied to the highway system. If funds are always prioritized for the high density traffic areas how is the rural economy going to change, diversify, and grow?

Striking improvements are not the goal we desire as part of a national transportation plan, however, there are three primary concerns that should be addressed. First, we need to be assured that the infrastructure that exists does not deteriorate. It must be maintained without fail. The Montana infrastructure goal as stated in the current Montana State Highway Department's Primary Data Summary seems adequately stated when it says that the desire is to "constrain development to the level of essential, rather than desirable needs." (p 4.) Second, funding levels of the FAP rural highways should somehow be tied to a per capita mile schedule rather than to a density of traffic schedule. This reflects that rural highways are no less important to the people who use them than are urban highways simply because fewer numbers of cars pass over them. Finally, potential economic development should be included as a major criterion in the ranking of new construction

as well as safety, density of traffic flow, and the other primary criteria used to place projects on these lists. In other words if building a specific project will bring known economic growth and diversification, it should be constructed before another project that is a reconstruction of an existing road which is adequately serving the needs of the public. For instance, construction of the Interstate System during the 1960's and 1970's put many reconstruction projects on hold until the Interstates were completed.

Recent newspaper and television reports have suggested that there is a possibility that population could be used as the fundamental criterion to future highway funding. Nothing could be as devastating to the economic future of Montana and probably other rural states as well. One intention of this communication is to help persuade the commission to include a more equitable per capita formula for the general funding of the FAP system in its report. One intention is to point out the vital importance of continued and increased Federal funding to the rural highway system. And one intention is to have economic criteria equally weighted with other design criteria in future highway planning.

Sources

Primary Data Summary prepared by the State of Montana Department of Highways Planning and Statistics Bureau Dec.1988.

Montana County Profiles 5th Edition - Madison County The Census and Economic Information Center, Montana Department of Commerce, 1985.

Montana County Profiles Supplement to the Fifth Edition - Madison County, The Census and Economic Information Center, Montana Department of Commerce, 1989.

MADISON COUNTY ROADS YEAR BUILT IN BLACK
 YEAR IMPROVED IN COLOR

FAP #	MAP #	TOTAL MILES	URBAN MILES	1930's	1940's 1950's	1960's	1970's	1980's
13	US-287 STATE 87	81.9	.6	28.7		21.2	10.1	21.3
					1944-12.8		1976-8.5	
29	ALT 287 RURAL TB	56.9	4.0	22.4	30.4			0.1
						1963 7.4		1981 5.1 1982 2.3 1983 2.8
49	STATE 41 TB - BROAD	13.7	.7		13.0			
55	STATE 41 SILVER STAR JCT TO WESTMILL	2.0			2.0			
64	STATE 41 BIG SKY	1.9						1.9
84	STATE 84 HARRIS/BLK.	11.4			11.4			
87	US-287 QUAKE LANE BETHUNAS PASS	6.5				5.0	1.5	
		174.3	5.3	51.1	56.8 12.8	26.2 7.4	11.6 8.5	23.3 19.4
			3%	29.4%	32.7%	15%	6.7%	13.2%

50% OF MADISON COUNTY ROADS ARE THE SAME AS THEY WERE IN 1960 IN REGARDS TO DESIGN CHARACTERISTICS

25% OF MADISON COUNTY ROADS ARE BUILT TO DESIGN CHARACTERISTICS OF THE 1960'S AND 1970'S

25% OF MADISON COUNTY ROADS ARE BUILT TO DESIGN CHARACTERISTICS OF THE 1980'S



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A tourism region uniting these Montana counties: Blaine, Cascade, Chouteau, Fergus, Hill, Judith Basin, Liberty, Meagher, Petroleum, Pondera, Teton, Toole & Wheatland

November 10, 1989

Senator Max Baucus
SH-706 Hart Senate Office Building
Washington, D. C. 20510

Dear Senator Baucus:

On behalf of the members and board of directors of our thirteen county tourism region, please accept our gratitude for your efforts regarding the problems of the highway system in eastern Montana.

As you well know, the remoteness of our cities and towns is not well understood by your colleagues in Washington. They do not seem to fathom the vast distances between our large and small population centers. The distance some of our citizens travel to buy groceries or hard goods would be considered a major trip in the eastern United States.

As a bridge state we are positioned well to capture tourism revenue from the upper midwestern states as they pass through to the Pacific Northwest. However, there is not a viable route through central Montana to and from the east. The most utilized routes are Highway 2 across the north and the interstate system to the south. Logically, we must improve Highway 200! If that could be accomplished, Lewistown and Russell Country as well, would realize a new vitality.

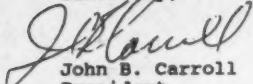
Our friends in the urban states are offended that we receive the portions of federal highway dollars that currently exist, and are lobbying hard to change that ratio of distribution. Our highway system can barely maintain itself currently, and our citizens are paying a gasoline tax rate that is 54¢ higher than nearly everywhere else.

Someone the other day forecast that Montana is on the verge of becoming the "new Appalachia". Certainly this prediction will come to pass if decreased federal highway funds increase the

remoteness of our wonderful state.

Please continue your efforts vigorously. The cause is just and so very vital to our health and well being.

Sincerely,


John B. Carroll
President

gf

